

Wiltshire Council

Report of Counter Fraud Activity 2017/18

February Update

Summary

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Appendix 1: Counter Fraud Work Plan Update 2017/18

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Latest Protecting the English Purse report potentially identified nationally Council's fraud loss of £212m per annum.

14 audits and reviews have commenced in 2017/18 and 23 recommendations made.

2 audits given partial assurance.



Role of SWAP and Counter Fraud Work Summary

The Counter Fraud service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors and uses accredited counter fraud specialists.

SWAP aims to ensure an effective counter fraud framework operates for the Council to minimise the risk of financial and reputational loss. Further to raise fraud awareness across the Council by promoting a counter fraud culture. The Counter Fraud Plan for 2017/18 reflects SWAP's proactive and preventative approach but we ensure flexibility into being able to carry out reactive investigations as required.

For the 2017/18 Counter Fraud Plan 14 reviews have been initiated of which 5 are at final report stage and 1 at draft. 4 reasonable and 2 partial assurance opinions have been given in the final and draft audit reports. The audits have not identified any actual or potential fraudulent activity but common issues reported included ineffective procedures and improvement to cash handling and monitoring.

A key part of the Council's Counter Fraud Framework is the Anti-Fraud and Corruption Strategy. This has been reviewed by SWAP and a structure together with comments provided to the Council to assist the production and ensure an effective and embedded strategy.

SWAP have now taken over the lead for the National Fraud Initiative (NFI) for the Council and are currently liaising the handover from the previous Head of Service lead and liaising with the Counter Fraud Centre of the Cabinet Officer. An update on the outcomes and progress made on the NFI will be provided in the SWAP Annual Counter Fraud Report for 2017/18.



Amendments to Counter Fraud Plan 2017/18

Planned counter fraud work is detailed in Appendix 1. Our work remains under constant review to ensure that, if necessary, internal audit and counter fraud staff resources can be targeted at areas of fraud risk to the Council. Any changes that are required are agreed with the Director of Finance and Procurement (Section 151) and the Audit Committee.

The following are amendments to the Counter Fraud Plan for 2017/18 for which the Audit Committee is requested to agree.

Audit	Amendment	Reason
Housing Management	Deferred to 2018/19	Requested by Head of Housing to defer audit to 2018/19 due to resource constraints.
Data Analytics Exercises	Merged	Data analytics exercises merged with audit reviews and additional time included to extend scope e.g. payroll, accounts payable, staff travel, school admissions and expenses.

Audit Plan Area	Audit Title	Indicative Quarter Planned Start	Actual Start (Fieldwork)	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
								5 = Major		↔		1 = Minor		
								No. of Recs	5	4	3	2	1	
2017/18 Audits and Reviews at Final/Complete (Status Green)														
Counter Fraud – Internal Audit Reviews	Registration Service	1	24/04/2017	Final	Reasonable	07/07/2017	12/07/2017	3	0	0	3	3	0	Audit finalised.
Counter Fraud – Internal Audit Reviews	City Hall Salisbury	1	01/06/2017	Final	Reasonable	13/09/2017	20/09/2017	7	0	0	7	0	0	Audit start delayed due to change of lead auditor.
Counter Fraud – Internal Audit Reviews	Licensing (Taxi and Private Hire)	1	15/05/2017	Final	Reasonable	07/09/2017	09/11/2017	7	0	0	7	0	0	Audit start delayed due to awaiting information from management
Counter Fraud – Internal Audit Reviews	Car Parking	1	12/07/2017	Final	Reasonable	30/10/2017	31/10/2017	1	0	0	1	0	0	Follow-up work to review new car parking cash collection arrangements planned for 2018/19..
Counter Fraud – Internal Audit Reviews	Staff Travel and Expenses	2	01/10/2017	Final	Partial	23/11/2017	29/01/2017	5	0	0	5	0	0	Agreement and issue of final audit report delayed due to late response from client and further discussions over introduction of new controls.
2017/18 Audits and Reviews at Draft (Amber Status)														
Counter Fraud – Internal Audit Reviews	Market Trading	3	17/10/2017	Draft	Partial	25/11/2018	-	8	0	0	8	0	0	Issue of draft audit report small delay due to awaiting further information from client.
2017/18 Audits and Reviews in Progress (Amber Status)														
Counter Fraud – Proactive & Preventative	Counter Fraud Strategy & Framework	2	03/10/2017	Fieldwork										Review carried out of current Strategy including comparison with best practice. Comments provided to client and awaiting progress.

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Counter Fraud – Proactive & Preventative	National Fraud Initiative (NFI)	1-3	01/04/2017	Fieldwork										Ongoing and liaising.
Counter Fraud – Proactive and Preventative	Whistleblowing Arrangements	2	03/10/2017	Planning & Initiation										Review delayed due to waiting for initiation
Counter Fraud – Proactive and Preventative	Fraud Intelligence Hub	2-4	-	Planning & Initiation										Liaising with CIPFA Counter Fraud Centre over joining a pilot hub.
Counter Fraud -Reactive	Ad-hoc Investigations	1-4	20/11/2017	Fieldwork										One referral received by SWAP so far for 2017/18 and investigation taking place.
Counter Fraud – Internal Audit Reviews	Schools Admissions and Places Planning	3	-	Planning & Initiation										Awaiting agreement by Client to Terms of Reference.
Counter Fraud – Proactive and Preventative	Organisation Fraud Awareness	4	-	Planning & Initiation										Scoping for some initial review work in 2017/18 but expect further substantial review in 2018/19..
Counter Fraud – Proactive and Preventative	Fraud Referral Process	2	-	Planning & Initiation										Start delayed at request of Directors due to wider management review.
2017/18 Audits and Reviews Planned but Not Yet Commenced (Status Green)														
Counter Fraud – Internal Audit Reviews	Direct Payments (Children)	4	-	Not Yet Commenced										Planned to commence in January 2018.
Counter Fraud – Internal Audit Reviews	Financial Assessments	3	-	Not Yet Commenced										Audit deferred to quarter 4 due to staff resource constraints.

Audit Plan Area	Audit Title	Indicative Quarter Planned Start	Actual Start (Fieldwork)	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
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Counter Fraud – Internal Audit Reviews	Pupil Premium	2	-	Not Yet Commenced										Delayed due to issues over ability to carry out data matching and potential changes to Pupil Premium.