

22 February 2022

Counter Fraud and Corruption Arrangements Update

Ward(s): All

Portfolios: All

Purpose: For Information

1. Aim

- 1.1 To ensure members are aware of the work being progressed in relation to the Counter Fraud Response Plan presented to Audit Committee in April 2021 and September 2021 and allow any appropriate questions to be raised or clarification to be provided in relation to that.

2. Summary

- 2.1 This report provides an update to Audit Committee to make Committee members aware of the current position in relation to the Counter Fraud Response Plan previously reported to Audit Committee on 12 April 2021 and 27 September 2021.

3. Recommendations

- 3.1 Audit Committee are requested to note the progress to date and to raise any relevant questions in relation to this.

4. Report detail – know

Background

- 4.1 Audit Committee at their meeting on 12 April 2021 received and approved an updated Counter Fraud and Corruption Policy and associated Response Plan, which set out details of the work that the council will take to embed that policy. An update on that Response Plan was also provided to Audit Committee on 27 September 2021.

Current Position

- 4.2 Work has continued to take place to implement the actions set out in the Response Plan, with main actions since April 2021 being summarised below:
- Review of capacity required to undertake proactive fraud work and support to informal and formal fraud investigation completed and a contract with Solihull Metropolitan Borough Council (SMBC) in place to provide this support for an initial two year period.

- Review of initial Response Plan actions and timeline and updated position provided to Audit Committee.
- Review, draft update and internal consultation in relation to changes to the council's Anti-Money Laundering Policy (outcome due to be reported to Audit Committee in April 2022).
- Development and delivery of counter fraud training to Audit Committee members.
- Commencement of directorate fraud risk assessment process.

4.3 A full update on the position of all actions within the Response Plan is attached at **Appendix 1**.

5. Financial information

5.1 There are no direct financial implications associated with this update. As set out in the report resources to undertake both proactive and reactive fraud work have been put in place. Proactive counter fraud activity helps protect public monies intended to be used on delivering the council's corporate objectives.

6. Reducing Inequalities

6.1 There are no equality implications directly related to this report.

7. Decide

7.1 As this report is for information only there are no matters within this report for decision, however members are recommended to raise any appropriate questions to allow further clarification to be provided in relation to the update provided.

8. Respond

8.1 Any issues raised by Audit Committee in relation to this update will be considered by management and further action taken as required.

9. Review

9.1 The formal review of the Counter Fraud and Corruption Policy is undertaken every two years, however updates regarding the progress of Response Plan actions will be regularly reported to Audit Committee.

Background papers

Updated Counter Fraud and Corruption Policy and Response Plan – Reported to Audit Committee 12 April 2021

Counter Fraud Response Plan Updated Timeline Briefing Note – Circulated to Audit Committee members 6 August 2021

Counter Fraud Response Plan Updated Timeline – Reported to Audit Committee 27 September 2021

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Counter Fraud Response Plan – Updated Position as at 22 February 2022

Ref	Implementation Action Plan	Responsible Officer and Associated Timing	Current Position
1	Audit Committee receive and review counter fraud arrangements, including a proposed work programme of fraud activity.	Head of Finance – April 2021	Complete – provided to Audit Committee in April 2021, with further updates in September 2021 and February 2022.
2	Fraud Work Programme (Q13 & Q26) – this action plan	Head of Finance – April 2021	Complete – provided to Audit Committee in April 2021, with further updates in September 2021 and February 2022.
2.a.	Reviewing / identifying required capacity, business case, and development – incl. balance of internal v external fraud resources – for both proactive fraud work and support to fraud investigations	Head of Finance - June 2021	Complete - contract with Solihull Council (SMBC) now in place to provide this capacity for an initial 2 year period.
2.b.	Development of Fraud Risk Assessment, with the outcome incorporated in to Directorate Risk Registers (DRR), and summary of DRR fraud risks to be provided to AC as part of SRR updates.	SMBC fraud capacity – October 2021 – November 2022	Commenced – liaison with directorate risk champions to confirm audience and dates for initial risk assessment work has begun.
2.c.	Develop / put in place capacity for formal fraud investigation	Head of Finance - June 2021	Complete - contract with Solihull Council (SMBC) now in place to provide this capacity for an initial 2 year period.
2.d.	Consider areas of publication of proven fraud / corruption (Q8 & 20)	SMBC fraud capacity – March 2022 – September 2022	Not yet due.

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2.e.	Consolidated reporting of fraud related statistics	SMBC fraud capacity – March 2022 – September 2022	Not yet due.
2.f.	Explore data matching and data analytics opportunities (Q28 & Q29)	Internal Audit – May 2021	Review ongoing, outcome to be incorporated in to the work for item 2.d. above.
2.g.	Formal reporting of NFI outcomes (Q30)	Internal Audit – in line with NFI timetable	Will be undertaken in line with NFI timetable.
2.h.	Review of Anti-Money Laundering Policy and Arrangements and Criminal Finance Act. Consultation. Report to Audit Committee.	SMBC fraud capacity – July 2021 – April 2022	In progress - review, draft update and internal consultation in relation to changes to the updated Anti-money laundering policy have been completed, with the outcome due to be reported to CMT in February 2022 and Audit Committee in April 2022.
2.i.	Recruitment vetting - Consideration will be given to utilising additional checks, such as from Cifas Internal Fraud Database, a fraud prevention service. The Head of Finance will liaise and discuss with Head of HR.	Head of Finance and Head of HR – December 2021	Reviewed as part of HR Recruitment Vetting audit and recommendations provided as part of final report in November 2021.
3	Training –		
3.a.	Consideration of further training requirements for Audit Committee Members	SMBC fraud capacity – February 2022	Complete - Fraud training session for Audit Committee members provided on 22 February 2022.

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3.b.	Fraud Awareness sessions with high risk services and review of their fraud risks. Outputs to inform an updated fraud risk assessment.	SMBC fraud capacity – November 2021 – June 2023 (high risk services to be prioritised)	Commenced – liaison with directorate risk champions to confirm audience and dates for initial risk assessment work has begun, with outcomes of that informing delivery of fraud awareness sessions.
3.c.	Roll out of e-learning training to Officers at G12 and above and all staff working with control systems staff, with requirement for annual undertaking	Head of Finance and HR Training officers – April 2021	Completed – e-learning course now live and communication of mandatory requirements provided.
4	Annual Review and report to Audit Committee on planned and reactive activity. To ensure full compliance with Fighting Fraud Locally requirements.	Head of Finance – annually	On target – Formal update provided to Audit Committee in February 2022.
5	Schedule further review / refresh / update of Policy	Head of Finance – every 2 years (potential interim updates before this as Response Plan actions are moved forward)	Policy not yet due for review / refresh, however a formal update on progress of Response Plan actions has been provided to Audit Committee in February 2022.