

21 November 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 and allow any appropriate questions to be raised or clarification to be provided in relation to it.

2. Summary

- 2.1 This report provides an update to Audit Committee to make Committee members aware of the current position in relation to our Counter Fraud and Corruption Arrangements and Response Plan.

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 and 22 February 2022.

Current Position

- 4.2 Work has continued to take place to implement the actions set out in the Response Plan, summarised as:
- 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 (ending June 2023).

- Review of initial Response Plan actions and timeline and updated position provided to Audit Committee September 2021 and February 2022.
- Updated Anti-Money Laundering Policy presented in April 2022.
- Development and delivery of counter fraud training to Audit Committee members.
- Commencement of directorate fraud risk assessment process.
- Development of fraud awareness and training material to be rolled out on completion of the 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

Counter Fraud Arrangements and Response Plan Update – Reported to Audit Committee 22 February 2022

Updated Anti Money Laundering Policy – Reported to Audit Committee 28 April 2022

Author

Vicky Buckley, Head of Finance and Assurance

☎ 01922 652326, ✉ vickybuckley@walsall.gov.uk

Counter Fraud Response Plan – Updated Position as at November 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. Further review of ongoing capacity commencing.
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 taken place. Risk workshops held and risk assessments being completed prior to collation and presentation to Directors Group and CMT. Report to Audit Committee planned for April 2023.
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. Not yet due.

Ref	Implementation Action Plan	Responsible Officer and Associated Timing	Current Position
2.d.	Consider areas of publication of proven fraud / corruption (Q8 & 20)	SMBC fraud capacity – March 2022 – September 2022	Areas of proven fraud / corruption are published where relevant e.g. Insurance. Work underway alongside 2.e below.
2.e.	Consolidated reporting of fraud related statistics	SMBC fraud capacity – March 2022 – September 2022	Review ongoing, outcome to be incorporated in to the work for item 2.d. above. Capacity has been focussed on risk assessments and fraud related statistics are being collated alongside this. Revised deadline of February 2023 proposed.
2.f.	Explore data matching and data analytics opportunities (Q28 & Q29)	Internal Audit – May 2021	Additional NFI matching opportunities being consulted on. To be incorporated into 2.d/2.e.
2.g.	Formal reporting of NFI outcomes (Q30)	Internal Audit – in line with NFI timetable	Undertaken in line with NFI timetable. October data uploaded. Outcomes and report will be published – incorporated into 2.d/2.e above.
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 reported 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 2020. No recommendations in relation to vetting checks.

Ref	Implementation Action Plan	Responsible Officer and Associated Timing	Current Position
3	<p>Training –</p> <p>3.a. Consideration of further training requirements for Audit Committee Members</p> <p>3.b. Fraud Awareness sessions with high risk services and review of their fraud risks. Outputs to inform an updated fraud risk assessment.</p> <p>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</p>	<p>SMBC fraud capacity – February 2022</p> <p>SMBC fraud capacity – November 2021 – June 2023 (high risk services to be prioritised)</p> <p>Head of Finance and HR Training officers – April 2021</p>	<p>Complete - Fraud training session for Audit Committee members provided on 22 February 2022. Further ongoing training to be provided for new members when fraud risk assessment process complete (2.b above). All council members will receive an invite.</p> <p>See 2.b above.</p> <p>Completed – e-learning course now live and communication of mandatory requirements provided. Review of uptake in train.</p>
4	<p>Annual Review and report to Audit Committee on planned and reactive activity. To ensure full compliance with Fighting Fraud Locally requirements.</p>	<p>Head of Finance – annually</p>	<p>On target – Formal update provided to Audit Committee in February 2022.</p>
5	<p>Schedule further review / refresh / update of Policy</p>	<p>Head of Finance – every 2 years (potential interim updates before this as Response Plan actions are moved forward)</p>	<p>Policy not yet due for review (April 2023 review date), however a formal update on progress of Response Plan actions has been provided to Audit Committee in February and November 2022.</p>