

## **Report of the Head of Internal Audit and Corporate Anti-Fraud**

**AUDIT COMMITTEE – 22<sup>nd</sup> JULY 2019**

**ANNUAL FRAUD REPORT 2018/19**

### **Executive Summary**

- i. As a local authority responsible for the administration of large amounts of assets and finances, Barnsley MBC is a target for fraudsters. It is therefore important to maintain robust policies and procedures to safeguard the Council's integrity against potential fraud.
- ii. The Authority's counter fraud functions continue to be provided by Internal Audit Services Corporate Anti-Fraud Team (CAFT). This centralised team enables the Council to focus its preventative and investigative resource to tackle the different types of fraud that may occur against a Local Authority.
- iii. The team covers a wide range of tasks including implementing the Anti-Fraud and Corruption Policy across the authority, providing a comprehensive counter-fraud service for all directorates, co-ordinating and managing the council's participation in the National Fraud Initiative (NFI), the introduction of council wide Fraud Awareness training and the prevention and detection of all types of fraud.

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#### **ANNUAL FRAUD REPORT 2018/19**

##### **1. Purpose of the Report**

- 1.1 This report provides an account of counter fraud related activity undertaken by Internal Audit's Corporate Anti-Fraud Team from 1 April 2018 to 31 March 2019.
- 1.2 The Corporate Anti-Fraud Team continues to provide the Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- 1.3 This report provides information and assurance to the Audit Committee regarding a key aspect of the Authority's risk management, control and governance framework.

##### **2. Recommendations**

###### **2.1 It is recommended that the Audit Committee:**

- i. Consider the Annual Fraud Report as part of the framework of assurances to support the Annual Governance Statement;**
- ii. Continue their support in embedding a culture of zero tolerance and high levels of awareness regarding fraud and corruption;**

##### **3. Background**

- 3.1 As a major employer continually seeking to change and transform how it delivers services, and one that is engaged in a range of partnerships and activities, the Council is inherently vulnerable to acts of fraud, corruption or irregularity committed both from within and outside the Council.
- 3.2 In the current economic climate there is an increased focus being placed on local government to protect public funds. Barnsley Council is committed to ensure that increasingly scarce resources are used for the purposes intended, preventing unnecessary loss to fraud or theft and to tackle areas where abuse may occur.
- 3.3 To safeguard public funds and ensure these funds are used for their intended purpose the Council has a zero tolerance approach supported by a strong policy statement and commitment to tackling fraud and corruption. This is backed up by various policies, procedures and codes linked to the Anti-Fraud and Corruption Strategy to help ensure that the people of Barnsley and stakeholders have confidence that the affairs of the Council are conducted in accordance with the highest standards of probity and accountability and that Members and officers demonstrate the highest standards of personal and professional honesty and integrity.

- 3.4 It is of course an unrealistic expectation to remove and avoid all fraud or loss from an organisation, and particularly one as big and diverse as a local authority. However with a concerted effort from elected members, senior management and all employees it is reasonable to expect that we can reduce and ultimately minimise the incidence and impact of fraud and corruption and thus release valuable resources for front line services.
- 3.5 The Audit Committee have received update reports summarising work undertaken in respect of anti-fraud work and investigations.
- 3.6 Senior managers continue to be aware and accept that anti-fraud and corruption measures start with them. Internal Audit and the Corporate Anti-Fraud Team provide an important advisory and guiding role but cannot assume the responsibility for operational anti-fraud controls within services and systems.
- 3.7 The Corporate Anti-Fraud Team comprises of three counter fraud officers and acts on behalf of the Director of Finance in ensuring the Council has appropriate arrangements to deter, detect and investigate fraud. The role of the CAFT includes the following:
- Driving the continual development of a framework of anti-fraud policies and procedures;
  - Raising awareness and understanding of fraud risks and developing mechanisms to maximise the opportunities for fraud risk reporting;
  - Responding to Whistleblowing allegations, referrals and other concerns including those received under the Council's Money Laundering Policy;
  - Investigation of reports of financial or other irregularity;
  - Liaising with South Yorkshire Police to support criminal prosecutions;
  - Delivering a programme of proactive anti-fraud reviews;
  - Providing advice and support to managers across the Council;
  - Providing advice and recommendations to managers on appropriate controls to help prevent and detect fraud and corruption;
  - Monitoring anti-fraud activity across the Council.
- 3.8 In 2018/19 the Corporate Anti-Fraud Team had a total budgeted plan of 580 days compared to 561 days in 2017/18. Preventative anti-fraud work undertaken totalled 154 days whilst reactive investigations totalled 358 days. The 68 day difference between budgeted days and work undertaken can be attributable to the long term absence of a member of the Team.
- 3.9 The following sections summarise the activity during the year covering corporate pro-active anti-fraud matters and reactive investigation work.

## 4. Pro-active Anti-fraud and Corruption Activity 2018/19

### Acknowledging and Preventing Fraud

- 4.1 Effective preventative systems are put in place to try and ensure that if fraud is attempted, it will be discovered and fail.
- 4.2 Fraud prevention in the Council means ensuring that sound policy and procedural measures are in place in all Council departments. Internal Audit and the Corporate Anti-Fraud Team continuously review reported system weaknesses to identify areas of high fraud risk. Follow-up audits or themed anti-fraud audits are undertaken in all departments where common weaknesses have been identified.

### Fraud Awareness Week

- 4.3 The Council held its first Fraud Awareness Week during September 2018. Led and co-ordinated by the CAFT, several Council departments, including Trading Standards, Community Safety and Services, Procurement, Licencing, Parking Enforcement (blue badges) and Berneslai Homes participated in the “Fraud: Spot it, Stop it” campaign.
- 4.4 Promoted by the Council’s Chief Executive who advised *“Fraud is not just the concern of the finance or audit department - every single one of us has a role to play in stopping fraudsters diverting our valuable resources. This week we are launching a “Fraud: Spot it, Stop it” campaign to help you understand your role in stopping the fraudsters”* the campaign was launched across the Council’s Intranet and an article was included in the 14<sup>th</sup> September 2018 electronic edition of StraightTalk.

The screenshot shows the Barnsley Council Intranet homepage. At the top, there is a navigation bar with the Barnsley Metropolitan Borough Council logo and links for Employee Central, Our Council, Staff Directory, HR intranet, Jobs, and Help. A search bar is located on the right. Below the navigation bar, there is a dark teal banner with the text "SharePoint Barnsley Council Intranet" and links for Newsfeed, OneDrive, Sites, and a user profile for Race, Jos. Below this banner, there are four small square tiles with the text "WE'RE PROUD", "WE'RE HONEST", "WE'RE A TEAM", and "WE'LL BE GREAT EXCELLENT". In the center, there is a large black banner with a red octagonal sign that says "SPOT IT FRAUD STOP IT" and the text "WE ALL PAY FOR IT" and "Fraud Awareness Week 17-21 Sept". Below the banner, there are two sections: "News & updates" with a date of "06 September" and "Diana's blog" with a date of "01 August" and the text "#DigitalFirst at the Talkabouts – you said, we".

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### Help us to fight fraud in Barnsley

Fraud Awareness Week begins on Monday so what can you do to prevent fraud from occurring in the workplace?

**S**tick to existing processes - 41% of fraud cases against government happened because the proper processes were not followed.

**T**ell your line manager or Internal Audit's Corporate Anti-Fraud team if you think there's a problem with a policy or process that could expose us to a fraud attack.



**O**wn the problem and look out for discrepancies or things that seem unusual, whether it's a supplier or contractor submitting invoices before delivering a product or a colleague frequently ignoring procedures.

**P**ass the updated fraud awareness e-learning course, available on POD.

Working together we can spot and stop fraud. If you suspect an incident of fraud, please report it to Internal Audit's Corporate Anti-Fraud Team at [corporatefraudinvestigations@barnsley.gov.uk](mailto:corporatefraudinvestigations@barnsley.gov.uk).

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- 4.5 A differing fraud theme was published each day throughout the week on the Council's Intranet. These articles provided advice to officers on identifying supplier fraud, insider fraud, grant fraud and how to protect individuals from personal fraud.
- 4.6 Representatives from the above teams (para 4.3) provided counter fraud advice to members of the public at a "Fraud: Spot it, Stop it" stall located in the Council's indoor market on the Wednesday and Friday. Members of the public visiting the stall (146 over the two days) were supportive of the campaign and stall, as were surrounding market stall holders.
- 4.7 The following outcomes and feedback was provided by the participating departments/teams:

#### Berneslai Homes

Visited 87 properties where no contact had been received from the tenant for a significant period of time. No issues were identified during the visits with the majority of tenants advising that they had had no reason to contact the company;

#### Trading Standards

Were extremely happy with the amount of interest and engagement they had with members of the public and stated that it (the market stall) was one of the more successful displays that they had recently had (in terms of passing footfall). In addition, the team were pleased to be featured as 'Tweet of the Week' in the Barnsley Chronicle.

On an ongoing basis Trading Standards are involved with the prevention of dishonest and fraudulent trading and provide daily assistance to residents and business who are impacted by these trading practices. The team are currently running a long term project to educate and minimise the effects of mail scams and also employ a member of the team who deals with illicit tobacco. The day to day work of the team deals with counterfeiting, safety, food, metrology and fair trading all of which contributes to make Barnsley a relatively safe and legal place to trade and live.

### Procurement

Focusing on contracts under £100k (which require 3 quotations) the Council's Procurement Team undertook a review of all quotation exercises performed on Yortender during the period September 2017 to September 2018.

The number of contracts under £100k recorded on YORtender during the above period was 426. Of these, 59 contracts (14%) recorded that only 1 response had been received from a minimum of 3.

The total value of the 59 contracts was £779,142.21 (average of £13K per contract).

The strategic procurement section will continue to ensure that compliance with the council's contract procedure rules is adhered to, ensuring value or money for the council.

### Blue Badges

The Council's Parking Enforcement Team checked 20 blue badges displayed in parked vehicles in the Town Centre and 35 in parked vehicles in the Wombwell area during Fraud Awareness Week.

Checks identified that 2 badges had expired several months earlier and PCNs (penalty charge notices) were duly applied. The blue badge holders subsequently reapplied for new badges and these were duly issued. A third PCN was issued in respect of a parked vehicle where the blue badge holder was not with the vehicle.

### Home to School Transport

The Home to School Transport inspection Licensing Officers undertook a number of vehicle and taxi driver checks as part of Fraud Awareness Week.

Taxis were inspected by BMBC vehicle examiners from Smithies Lane Depot and the taxi drivers were checked by Licensing Officers for compliance with their licence conditions, i.e. wearing their Private hire/hackney carriage drivers badge, DBS compliant, medical compliant, daily checks completed etc.

A total of 31 vehicles and drivers were checked as part of the operation with 29 drivers and 26 vehicles found to be compliant.

Of the 31 vehicles checked, 4 were suspended due to inoperative stop/indicator lights and a 5<sup>th</sup> due to having an illegal tyre. In addition, 2 drivers received written warnings for failing to complete their daily vehicle checks.

Overall, the operation was considered a success with the vast majority of drivers and vehicles complying with licensing conditions.

## **Bribery Act E-Learning**

- 4.8 The CAFT have recently developed a corporate e-learning awareness of the Bribery Act 2010. The training is accessed through the Council's corporate e-learning platform (POD).
- 4.9 The purpose of the e-learning is to provide officers with a short overview of the Act and to improve their understanding of:
- What bribery is;
  - The main offences;
  - The responsibilities of commercial organisations;
  - How to raise suspicions of bribery;
  - How to identify warning signs that bribery may be occurring
- 4.10 A decision as to whether the training will be mandatory to all employees is still to be taken and the e-learning will be launched via the Council's Straight Talk e-bulletin following this decision.

## **National Fraud Initiative**

- 4.11 The NFI is a regular (biennial), mandatory, data matching exercise which all UK local authorities must participate in. The aim of the exercise is to identify possible cases of fraud and error within public bodies, e.g. local authorities, central government, the NHS. The Council has routinely participated in this initiative from its inception in 1996/97.
- 4.12 The Council submits information relating to 12 mandatory sets of data. These datasets consist of information from Payroll, Housing Rents, Creditors, Private Residential Care Homes, Blue Badges, Residential Parking Permits, Licensing, Market Traders, Insurance, Personal Budgets, Council Tax and Electoral Registration.
- 4.13 Outcomes from the 2016/2017 exercise have previously been reported to Audit Committee and datamatches relating to the current 2018/2019 exercise were received at the end of January 2019. Data filters, recommended and supplied by the Cabinet Office, have been used to sort the matches based on the quality of the data in the match. There is no requirement for the Authority to review 100% of the matches, as long as an effective system of sampling is used to manage the risk of identifying frauds and errors.
- 4.14 To date 3,056 matches have been processed (20% of total matches received) and seven of these have identified overpayments totalling £22,349. The other 3,049 matches were cleared with no issue.

4.15 A breakdown is shown below:

<b>Subject</b>	<b>Monetary Value</b>	<b>Number of Cases</b>	<b>Recovery Action</b>
Private Residential Care Homes	£20,930	5	Amount has been recovered from future payments
Housing Benefit	£253	1	Recovery of amount ongoing
Council Tax Support	£1,166	1	Recovery of amount ongoing
<b>Total Overpayments</b>	<b>£22,349</b>		

4.16 The private residential care homes overpayments arose where matches highlighted that a resident had died, unknown to the Council. Recovery of the overpayments in respect of residential care has been made from future payments to the relevant care homes.

4.17 The 5 overpayments related to 4 different care homes and the delay in notification to BMBC appears to be due to the relevant care home informing their Head Office of the death who then advises the Council that payment should cease.

4.18 Due to the continued outcomes from the NFI exercise the Residential Payments Team has requested a further recheck and the CAFT are awaiting a report from the NFI.

#### **NFI Non Domestic Rates (NDR) Pilot**

4.19 A number of South and West Yorkshire local authorities, including Barnsley, participated in a NFI Business Rates pilot to identify possible fraud, error and overpayments.

4.20 The Council received 9 datamatch reports which were investigated by the Business Rates Team (based within Benefits, Taxation and Income).

4.21 The Business Rates Teams felt that, overall, the exercise was very resource intensive for very little gain. This was due to the quality of data matches received (the majority of matches were found to have no issue other than minor mismatching differences).

4.22 Similar findings were identified by neighbouring participating local authorities and these have been reported to the NFI Team.

### **5. Reactive Fraud Work**

#### **Detecting and Investigating Fraud**

5.1 Despite strong preventative measures, there are inevitably a minority of dishonest people who will be intent on attempting fraud and corruption and finding new ways to evade preventative systems or indeed taking an opportunistic risk. When this happens it is essential that we are able to promptly detect instances of fraud and corruption that have occurred.

- 5.2 The Council remains focused in its commitment to take all necessary action to investigate fraud and take appropriate sanctions.
- 5.3 All of the Corporate Anti-Fraud Team members dedicated to preventative and investigative work are professionally qualified in this area.

### **Corporate Investigations**

- 5.4 Corporate investigations are defined as fraud cases which relate to employee fraud or other third party fraud which does not fall within a specific service area such as council tax or tenancy fraud.
- 5.5 Advice has been provided to Council managers in respect of allegations of theft, IT misuse/abuse and abuse of working hours by employees during 2018/2019. In addition, the CAFT have provided advice/guidance to Council officers and members of the public regarding scams, alleged money laundering, fraudulent procurement card transactions and alleged fraudulent car park tickets.

### **Council Tax Support (CTS) Investigations**

- 5.6 The levels of identified CTS fraud continue to be low nationally. CAFT have identified fraudulent council tax support claims of £8729.43 during 2018/19 compared to £6,429.04 in 2017/18.
- 5.7 A summary of the Council Tax Support workload of CAFT for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 is shown below.

	<b>2018/19</b>	<b>2017/18</b>
<b>Total number of referrals</b>	<b>77</b>	<b>111</b>
Accepted for investigation	7	7
Ongoing Investigations as at 31 <sup>st</sup> March	5	9

- 5.8 A summary of referrals not pursued for investigation in shown in the table below.

	<b>2018/19</b>	<b>2017/18</b>
<b>Details</b>	<b>No.</b>	<b>No.</b>
Poor intelligence – not enough evidence to pursue	<b>4</b>	7
Referred to National Crime Agency for investigation		1
No effect to CTS entitlement	<b>3</b>	4
Referred to DWP for further investigation	<b>24</b>	46
Referred to Benefits, Taxation and Income	<b>4</b>	4
Preliminary investigation provided no evidence of fraud	<b>30</b>	31
<b>Uneconomical to pursue - less than £500</b>		2
<b>Total</b>	<b>65</b>	<b>95</b>

The majority of the 2018/19 referrals were received via online e-forms (40) and from other departments within the Council or Berneslai Homes (20). A further 10 referrals were received via the Corporate Anti-Fraud Hotline whilst the remaining 7 referrals were received from anonymous letters from the public.

## Council Tax

- 5.9 CAFT have identified fraudulent council tax liability claims of £6,737.29 with additional savings of £4,525.84 since April 2018 compared to £11,630.24 with savings of £4,369.84 identified in 2017/18.

NB. The value of the fraud is the total council tax discount / liability fraudulently claimed / identified with projected savings up to the end of the current financial year. The savings record the value of the overpayment had the fraud not been identified.

- 5.10 A summary of the Council Tax workload of CAFT for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 is shown in the table below.

	2018/19	2017/18
Referrals	209	189
Overpayment only	27	34
Ongoing Investigations as at 31 <sup>st</sup> March	2	4

- 5.11 A summary of referrals not pursued for investigation is shown in the table below.

	2018/19	2017/18
Details	No.	No.
Change in circumstance already known - no issue	0	2
Poor intelligence – not enough evidence to pursue	21	10
No discount present	2	2
No effect to entitlement	4	2
Referred to Benefits, Taxation and Income	14	23
Referred to another council department	3	0
Referred to DWP	9	12
Local Authority error	1	1
No evidence of fraud	126	99
<b>Total</b>	<b>180</b>	<b>151</b>

Most of the above referrals were received via the Corporate Anti-Fraud Hotline (16), email account (7) and online referrals (81). A further 5 referrals were received from anonymous letters from members of the public whilst 48 were referred from Benefits, Taxation and Income, 24 from Berneslai Homes, 22 from other council departments and 1 from a local Member. The remaining 5 followed investigations into a number of matches raised via the NFI exercise.

## Non Domestic Rates

- 5.12 The CAFT received 7 allegations of non-domestic rates fraud during 2018-2019. Six were closed as there was no evidence of fraud and one remained open awaiting further information as at 31<sup>st</sup> March 2019. Whilst no evidence of fraud has since been established in the outstanding case, the Council's Base Growth Team continue to monitor the property to ensure that any business changes are referred to the Valuation Office for inclusion on the Council's business rates database.

## Insurance Claims

- 5.13 The CAFT commenced counter fraud checks of submitted insurance claims in February 2018. These checks, including financial and residential verification, provide assurance to the Insurance Team that the claims are genuine and bona fide.
- 5.14 CAFT has undertaken checks against 88 insurance claims during the 2018-2019 financial year. A summary of these referrals is shown below.

<b>Details</b>	<b>2018/19 No.</b>
No evidence of fraud	<b>83</b>
Dismissed at Court	<b>1</b>
No further action - referred back to Insurance Team	<b>2</b>
Withdrawn by claimant	<b>1</b>
C/F to 2019-2020	<b>1</b>
<b>Total</b>	<b>88</b>

- 5.15 A referral from the Council's Insurance Team highlighted discrepancies between the original claim submitted by the claimant and follow-up correspondence. Checks undertaken by the CAFT gave further doubt to the authenticity of the claim and these findings were reported back to the Insurance Team. The claim, of £22k, was subsequently dismissed at Court.
- 5.16 Preliminary investigations into a personal injury claim of £62,500, submitted by a member of the public following a road traffic accident, suggested irregularities with the circumstances of the collision. The CAFT contacted South Yorkshire Police for further information about the incident and this was subsequently provided to the Council's claim handlers. Following correspondence between the claims handler and the claimant's representative the Council were notified that the claimant had withdrawn the claim.

## Right to Buy (RTBs)

- 5.17 The Corporate Anti-Fraud Team have continued to apply an enhanced fraud prevention process to all new RTB applications throughout 2018/2019.
- 5.18 Checks, including financial and residential verification, provide assurance that tenants are eligible to the discount and fulfil the criteria of the scheme ahead of completion of sale.
- 5.19 CAFT has undertaken checks against 168 RTB applications during the financial year 2018/2019.
- 5.20 Two of these applications have been referred to the DWP for further investigation due to the tenant being in receipt of DWP benefits and checks against a further two applications identified overpaid council tax support.

	<b>2018/19</b>	2017/18
<b>Details</b>	<b>No.</b>	No.
No evidence of fraud	<b>164</b>	184
Referred to DWP	<b>2</b>	11
Checks identified overpaid CTS (less than £500)	<b>2</b>	0
Application withdrawn by tenant	<b>0</b>	1
<b>Total</b>	<b>168</b>	196

### **Direct Payment / Personal Budgets**

5.21 Social care fraud has been identified nationally as an emerging fraud risk area for local authorities. Whilst this type of fraud can take many forms the areas of greatest concern are the misuse of personal budgets, and people with no recourse to public funds deceiving local authorities into providing services to them.

5.22 The Council's Adult Assessment and Care Brokerage Team have referred three suspected irregularities to the CAFT, a further one was been received from a member of the public.

5.23 A summary of the referrals are shown below:

	<b>2018/19</b>	2017/18
<b>Details</b>	<b>No.</b>	No.
Alleged financial misuse of direct payment budget – no evidence of fraud		2
Referred to HMRC for further investigation		1
Misuse of direct payment budget – caution given	<b>1</b>	
Alleged financial misuse of direct payment budget – management of the budget returned to the Council	<b>1</b>	
Ongoing	<b>2</b>	2
<b>Total</b>	<b>4</b>	5

5.24 A direct payment client admitted to misusing personal budget monies. Due to both the nature and financial value of the misuse, management agreed to offer the client a simple caution which was accepted but management of the budget was removed from the client. A further investigation concerning the alleged financial misuse of a client's personal budget provided insufficient evidence for a criminal prosecution. However, control of the budget was removed from the client's representative and returned to the Council.

### **Housing/Tenancy Fraud**

5.25 An investigative support service continues to be provided to Berneslai Homes to help identify potential fraudulent tenancies.

5.26 A summary of alleged tenancy fraud referrals received for investigation during 2018/2019 is shown in the table below.

	<b>2018/19</b>	2017/18
<b>Details</b>	<b>No.</b>	No.
Alleged application fraud – no evidence of fraud	<b>13</b>	2
Tenancy application fraud – application refused	<b>1</b>	

	2018/19	2017/18
<b>Details</b>	<b>No.</b>	<b>No.</b>
Alleged non-residency – no evidence of fraud	<b>13</b>	16
Property recovered due to tenant's non-residency	<b>3</b>	1
Alleged fraudulent attempt to succeed tenancy – no evidence of fraud	<b>4</b>	4
Prevention of false attempts to succeed tenancy	<b>1</b>	2
Allegation of sub-letting - no evidence of fraud	<b>4</b>	3
Recovery of properties being sub-let by tenant		2
Successful prosecution for sub-letting		1
Referred back to Berneslai Homes to deal with as breach of tenancy	<b>1</b>	
Referral forwarded to another department for further action	<b>3</b>	
Ongoing	<b>9</b>	4
<b>Total</b>	<b>52</b>	<b>35</b>

5.27 The majority of the referrals were received from Berneslai Homes (36) with the remainder being received from members of the public (8 via online referral forms, 2 letters and 1 to the CAFT hotline), other Council departments / Councillors (2). A further 3 anomalies were investigated as a result of NFI data matching.

## **6. Local Area Implications**

6.1 There are no Local Area Implications arising from this report.

## **7. Consultations**

7.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive and/or Assistant Director to apprise him/her of key issues raised and remedial actions agreed.

## **8. Compatibility with European Convention on Human Rights**

8.1 In the conduct of investigations, the Corporate Anti-Fraud Team operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **9. Reduction of Crime and Disorder**

9.1 An inherent aspect of counter fraud work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls. Additionally, Internal Audit Services ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

## **10. Risk Management Considerations**

10.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.

10.2 There is a risk to the control and governance of the Authority if management fail to implement recommendations. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

## **11. Employee Implications**

11.1 All employees are under an obligation through their contracts of employment to be honest and adhere to the Code of Conduct.

11.2 There will be further guidance and opportunities for all employees to ensure their personal awareness of anti-fraud and corruption measures continues to be high. Management are charged to ensure that awareness is high and maintained.

## **12. Financial Implications**

12.1 There are no financial implications arising directly from this report. The costs of the Corporate Anti-Fraud Team function are included within the Authority's base budget.

12.2 There are financial consequences in both losses from fraud and also the cost of controls to minimise fraud. Internal Audit Services carefully assess both aspects of the financial consequences of fraudulent activity when making recommendations and advising management.

## **13. Background Papers**

13.1 Various previous Audit Committee reports

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Date: 10<sup>th</sup> July 2019