

Somerset West and Taunton Council

Audit and Governance Committee – 13 June 2022

Fraud Outturn Report 2021/22 and Annual Fraud Plan for 2022/23

This matter is the responsibility of Executive Councillor Member for Communications and Corporate Resources, Cllr Benet Allen

Report Author: Amy Tregellas, Governance Manager

1 Executive Summary / Purpose of the Report

- 1.1 To present the Committee with an update on progress following the last report which came before the Committee in March 2022.

2 Recommendations

- 2.1 The Committee approve the Fraud Outturn Report and Annual Plan for 2022/23.

3 Risk Assessment

- 3.1 Failure to have a robust Anti-Fraud framework in place to reduce the risk of fraud and corruption could result in the Council suffering financial loss, impacting on the services delivered by the Council and ultimately its reputation.

4 Background and Full details of the Report

- 4.1 The SWAP Internal Audit – baseline assessment of maturity in relation to fraud dated March 2021, was presented to the Committee in September 2021. A progress update was presented to the Committee in March 2022. The purpose of this report is to provide an update on actions at the end of the 2021/22 financial year and, to set out the Annual Plan for 2022/23.

SWT Fraud outturn position for 2021/22

- 4.2 The action plan outturn position for 2021/22 is, as follows:

Action	Priority	Update
Present the baseline assessment of maturity in relation to fraud to key stakeholders and assign responsibility for management of actions	Now	Completed - the report was presented to the SMT and then the Audit & Governance Committee in September 2021. This has been published on the Council website along with the Anti-Fraud policies. Monitoring of actions assigned to the Governance Manager and Monitoring Officer.

Action	Priority	Update
Present to the Audit & Governance Committee an annual report which assesses the effectiveness of fraud prevention and detection	Now	<p>Completed - A report was brought to the Audit, Governance and Standards Committee on 12 April 2021, which included an update on the provision of Counter Fraud and Error Services from Powys. The next report from Powys will be brought to the Committee as soon as it is available.</p> <p>This report gives a further update as to progress against the action plan.</p>
Present to the Audit & Governance Committee an annual fraud plan for agreement	Now	<p>Completed – the SWT annual fraud plan for 2022/23 is included as part of this report for approval (Audit & Governance Committee meeting on 13 June 2022).</p>
Present to the Audit & Governance Committee reviewed Anti-Fraud and Corruption Policy/Strategy	Now	<p>Completed - The Anti-Fraud and Corruption Strategy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed whistleblowing policy	Now	<p>Completed - The Whistleblowing Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed Anti-Bribery Policy	Now	<p>Completed - The Anti-Bribery Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>
Present to the Audit & Governance Committee reviewed Anti-Money Laundering Policy	Now	<p>Completed - The Anti-Money Laundering Policy was reviewed by the Audit, Governance & Standards Committee on 12 April 2021 and then approved by the Executive on 27 April 2021.</p>

Action	Priority	Update
Complete risk assessment process with SWAP and assign responsibility for ongoing management of the process	Immediate Future	In progress - Responsibility assigned to the Governance Manager and Monitoring Officer and she is working with colleagues from SWAP on the risk assessment. Meetings are quarterly to pick up any new or emerging risks. This is included in the Annual Fraud Plan for 2022/23
<p>Publish the following and make available to key stakeholders:</p> <p>The approved:</p> <ol style="list-style-type: none"> 1. Anti-Fraud and Corruption Strategy 2. Whistleblowing Policy 3. Anti-Bribery Policy 4. Anti-Money Laundering Policy 	Immediate Future	Completed – the approved policies have been published on the website
Ensure contractors sign up to the Council's Whistleblowing Policy	Immediate future	In progress - Governance Manager and Monitoring Officer liaising with colleagues to ensure that any agency staff and contractors are signposted to the Policy. This is being picked up as part of the Procurement workstream for Local Government Reorganisation (LGR)
Agree and implement a training plan for staff and Members in relation to fraud and ethics	Shorter-Term	In progress - Staff have been asked to complete the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022. The Governance Manager and Monitoring Officer is liaising with SWAP to plan in a training session for Members.

Action	Priority	Update
Ensure that fraud and corruption risk is referenced in the Risk and Opportunity Management Strategy and the strategic risk register	Shorter-Term	Completed - The Risk and Opportunity Management Strategy for 2022/23 was amended to include reference to Fraud and Corruption risks and was approved by the Audit & Governance Committee on 22 March 2022.
Consider fraud risk in the Directorate Risk Registers	Medium-Term	In progress - SWAP carried out a fraud risk assessment and this is now being reviewed by the Governance Manager and Monitoring Officer. This action is to be fed into the transition work for the Unitary Council
Update staff and Member code of conduct documents to direct fraud reference	Medium-Term	In progress - The LGR Governance workstream have drafted the Code of Conduct for the Unitary Authority. They are recommending that all 5 Councils adopt it by end September 2022. This will go to Standards Committee (scheduled for 27 July 2022) and then on to Full Council in September 2022 for approval.
Ensure relevant strategies and policies are subject to ongoing scrutiny and review by trained counter-fraud resource	Longer-Term	Ongoing - This action is to be fed into the transition work for the Unitary Council

4.3 The outturn report from SWAP Internal Auditors is attached as Appendix A

SWT Annual Fraud Plan for 2022/23

4.4 In terms of the Annual Fraud Plan for 2022/23, as per the Anti-Fraud and Corruption Strategy, the Council has the following policy statement:

Fraud against Local Government is estimated to cost billions of pounds per year. This is a significant loss to the public purse. To reduce these losses Somerset West and Taunton Council is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
- The prevention of fraud and the promotion of an anti-fraud culture.

- A zero-tolerance attitude to fraud, requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
- The investigation of a risk based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
- The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:



4.5 During the 2022/23 financial year, the Council will focus on the following:

Action	Responsible Officer & Target Date
Ensure that all staff have completed the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022.	Governance Manager and Monitoring Officer 31/08/22
Ensure that a training session for Members is carried out by 31 August 2022. The Governance Manager and Monitoring Officer is liaising with SWAP to plan in a training session for Members.	Governance Manager and Monitoring Officer 31/08/22
Ensure that the fraud risk assessment is reviewed on a quarterly basis to ensure that all new and emerging risks are captured. Where risks become key business risks, ensure that they are fed through to SMT and Members.	Governance Manager and Monitoring Officer By 30/06/22, 30/09/22, 31/12/22 and 31/03/23.

Action	Responsible Officer & Target Date
Ensure that the Code of Conduct for the Unitary Authority goes to the SWT Standards Committee (scheduled for 27 July 2022) and then on to Full Council in September 2022 for approval.	Governance Manager and Monitoring Officer By 30/09/2022
Where appropriate, continue to use Powys and SWAP for counter fraud work until 31/03/2023	Governance Manager and Monitoring Officer Until 31/03/2023
Continue to have quarterly meeting with colleagues from SWAP on the fraud matters. Ensure that meetings cover SWT matters during 2022/23 and also updates on progress from the LGR workstream dealing with Fraud.	Governance Manager and Monitoring Officer Until 31/03/2023
<p>Work with colleagues in the LGR workstream dealing with fraud and risk to ensure that:</p> <ul style="list-style-type: none"> • Appropriate policies are in place for the new authority relating to Anti-Fraud and Corruption, Anti-Bribery, Anti-Money Laundering and Whistleblowing • The Risk and Opportunity Management Strategy includes reference to fraud and corruption risks • LGR risks relating to fraud and corruption are included in the key business risk register and reviewed on a regular basis • Fraud and corruption work is adequately resourced for the new authority • The workstreams dealing with Human Resources and Procurement ensure that contractors sign up to the organisations whistleblowing policy 	Governance Manager and Monitoring Officer to liaise with relevant LGR workstream leads By 31/03/23

5 Links to Corporate Strategy

- 5.1 Having an effective Anti-Fraud framework in place is crucial for identifying risks associated with fraud and corruption and ensuring that the delivery of the Council's Corporate Strategy is not impacted. It also forms a fundamental element of being a well-managed Council.

6 Finance / Resource Implications

- 6.1 Failure to mitigate fraud and corruption risks could result in financial loss to the Council.

7 Legal Implications

- 7.1 Failure to mitigate fraud and corruption risks could result in a number of legal implications for the Council

8 Climate and Sustainability Implications

- 8.1 None arising from this report

9 Safeguarding and/or Community Safety Implications

9.1 None arising from this report

10 Equality and Diversity Implications

10.1 None arising from this report

11 Social Value Implications

11.1 None arising from this report

12 Partnership Implications

12.1 None arising from this report

13 Health and Wellbeing Implications

13.1 None arising from this report

14 Asset Management Implications

14.1 None arising from this report

15 Data Protection Implications

15.1 None arising from this report

16 Consultation Implications

16.1 None arising from this report

Democratic Path:

- **Audit and Governance Committee – Yes**
- **Executive – No**
- **Full Council – No**

Reporting Frequency: Annually

List of Appendices

Appendix A	SWAP fraud outturn report
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