

AUDIT COMMITTEE
19 JUNE 2019

ANTI-FRAUD AND CORRUPTION STRATEGY 2019-2020

SUMMARY REPORT

Purpose of the Report

1. To advise Members of the Anti-Fraud and Corruption arrangements for the period 2019-2020.

Information and Analysis

2. Estimates suggests in excess of £300m is being lost to fraud in local government. With the pressures faced by our services it is imperative that we are able to ensure the funds we have are not being lost to fraudsters.
 3. The Chartered Institute of Public Finance and Accountancy (CIPFA) take the lead on providing advice and guidance to the sector on managing the fraud risk. They also co-ordinate annual surveys of fraudulent activity detected across local government.
 4. A Code of Practice on Managing the Risk of Fraud and Corruption was published by CIPFA in October 2014. The code has 5 distinct strands:
 - Acknowledge Responsibility
 - Identify Risks
 - Develop a Strategy
 - Provide Resources
 - Take Action
 5. The attached strategy has been developed in line with the code of practice with each of the 5 themes addressed. The format of the strategy has been redefined from previous versions to improve the visual appeal of the strategy and make it more effective.
 6. The strategy is endorsed by senior management with a foreword provided by the Assistant Director - Resources as the responsible finance officer and the Chair of the Audit Committee reflecting the importance of tackling fraud within the authority.
 7. At the core of the code is understanding our fraud risk and ensuring we provide adequate resources to address the areas of greatest risk. A risk has been added to the strategic risk register to facilitate this.
 8. Based on the results of local counter fraud activity and the national estimates of where fraud occurs it would appear the resources we have available and where they are deployed are commensurate with the current level of risk exposure. There are a
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number of emerging risk areas (specifically social care and procurement), work will be undertaken from existing resources to assess the risk posed and whether there is a need for additional controls in those areas.

9. There are a significant number of promotional materials available to support counter fraud efforts. Included in the strategy are a number of actions around raising awareness and ensuring everyone understands the risk of fraud therefore helping to prevent fraud occurring and where it does to ensure it is reported and appropriate action is taken.
10. The audit plan supports the fraud risk assessment process providing advice and guidance where controls need to be improved. Good practice suggests continuous monitoring is an effective process for detecting fraud early. Much of the work within the audit plan is moving towards continuous monitoring not only to improve the efficiency and effectiveness of the audit service but also to support the early detection of fraud reducing its impact.

Anti-Fraud and Corruption Strategy 2018/2019 Update

11. A number of actions were identified in the 2018/2019 strategy and a position statement is provided below:
 - a. Intranet pages were reviewed and updated during the year. The intranet page includes guidance and training materials for staff.
 - b. Fraud risk assessment has been reviewed at regular intervals during the year.
 - c. The authority participated in the National Fraud Initiative Data Matching exercise.
 - d. Progress has been made on the programme of continuous auditing.
 - e. Audits have considered management arrangements for the prevention and detection of fraud.
 - f. A number of awareness campaigns were undertaken including press releases and social media posts during international fraud awareness week in November and updates to staff via the weekly briefing throughout the year.
 - g. Publication of relevant fraud information is included within the strategy itself.
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Recommendation

12. It is recommended that :-

- a. That the Audit Committee approves the Anti-Fraud and Corruption Strategy (**Appendix A**).

Reason

13. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Andrew Barber
Audit and Risk Manager

Background Papers

- (i). CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

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S17 Crime and Disorder	Other than any special investigation work required there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.
