

**Committee:** Audit and Standards Committee

**Date:** Tuesday,

**Title:** Counter Fraud Strategy Update March 2024

26 March 2024

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## Summary

1. Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. The Council set up a Counter Fraud Working Group (CFWG) to oversee the counter fraud activity within the Council and to drive improvements.
2. The 2022 Counter Fraud Strategy was approved by the Governance Audit and Performance Committee (GAP) in March 2022 with a corresponding action plan outlining how the strategy will be delivered. This included identifying fraud and corruption risks, ensuring there is sufficient skill and awareness across the Council to implement the strategy and developing policies and procedures in relation to the action required in response to fraud and corruption.
3. Progress in identifying and addressing the fraud risks within the Council slipped during 2023 whilst there was instability in the Audit Manager post. The CFWG was relaunched in January 2024. This report provides a status update on action plan.

## Recommendations

4. The Audit and Standards Committee are requested to note the content of this report.

## Financial Implications

5. None.

## Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
  - Counter Fraud & Corruption Strategy 2022 and Action Plan (GAP, 30 March 2022)
  - Counter Fraud Strategy Action Plan Update and Associated Documents (GAP, 29 September 2022)
  - Audit and Sign Off 2019/20 Accounts Review Update (GAP, 30 November 2022).

## Impact

- 7.

Communication/Consultation	The Counter Fraud Working Group provided a status update on the action plan in January 2024. CMT noted the update on 21 February 2024.
Community Safety	None

Equalities	None
Health and Safety	None
Human Rights/Legal Implications	The aim of this Strategy is to minimise the risk of fraud and corruption (as defined in law) and its impact.
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Situation

8. Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
9. Uttlesford Council adopted its Counter-fraud strategy and action plan in March 2022 and an update was provided to the September 2022 Audit and Standards Committee. In November 2022, GAP considered a report compiled by the Assistant Director – Legal and Governance following a quality review by Bevan Brittan Solicitors.
10. As a result of vacancies in the Audit Manager post, the CFWG did not meet for over a year and progress against the actions in the strategy slipped. The CFWG was relaunched on 24 January 2024 and reviewed its terms of reference and membership and assessed the status of actions outstanding in September 2022. It was noted that the strategy would need reviewing and updating for 2024-26.

## Risk Analysis

11.

Risk	Likelihood	Impact	Mitigating actions
Successful attempts of fraud and/or corruption may lead to significant financial loss, service disruption and/or reputational damage.	2	3	Delivery of actions in Action Plan to support the Council's Counter Fraud Strategy which aligns to Fighting Fraud and Corruption Locally best practice and strengthens the Council's resilience against fraud.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

# UDC Counter-Fraud Strategy 2022-24 Update (February 2024)

## **1. Purpose of Report**

The Audit and Standards Committee is requested to note the content of this report. The Counter-Fraud Working Group (CFWG) will review and update the strategy in 2024. This report provides a status report on the Counter-Fraud Strategy actions.

## **2. Background**

Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

The 2022 Counter Fraud Strategy was approved by the Governance Audit and Performance Committee (GAP) in March 2022 with a corresponding action plan outlining how the strategy will be delivered. This included identifying fraud and corruption risks, ensuring there is sufficient skill and awareness across the Council to implement the strategy and developing policies and procedures in relation to the action required in response to fraud and corruption.

A key part of the governance and delivery of the Counter Fraud Strategy is the Council's CFWG who can provide operational oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas i.e. Revenues, Benefits, Internal Audit, HR, Cyber Security/Information Governance, Democratic Services, Finance, Procurement, Housing, Insurance and Risk.

The most recent update to committee was provided in September 2022 and included updates to counter-fraud documents including policies that form part of the Constitution. These were returned to GAP in November 2022 following specialist legal advice from Bevan Brittan. Members noted the constitution amendments that the Monitoring Officer would make under her delegated authority.

As a result of vacancies in the Audit Manager post, the CFWG did not meet for over a year and progress against the actions in the strategy slipped. The CFWG was relaunched on 24 January 2024 and reviewed its terms of reference and membership and assessed the status of actions outstanding in September 2022. It was noted that the strategy would need reviewing and updating for 2024-26.

This report provides a status update on Council's counter-fraud activity.

## **3. Counter-Fraud and Corruption Policies**

Following GAP in November 2022, the Constitution was updated with some of the policies. Other policies were not updated pending recruitment to the Audit Manager post.

The Audit Manager and Head of Legal will review the whistleblowing policy and fraud response plan before the end of April to ensure roles and responsibilities are clear prior to publication.

The Head of Legal and the Human Resources department are updating the gifts and hospitality policy which will see separate policies for members and staff.

The Head of Legal and Strategic Director of Planning are leading on the Code of Good Practice in Planning and will ensure the Constitution is amended.

The Audit Manager and Head of Legal are reviewing options to update online training and ensure the suite of policies are appropriately publicised.

## **4. Fraud Risk and Control / Anti-bribery Risk Assessments**

The inherent fraud risk assessment has been completed. The group reviewed this and considered it to be a fair reflection of the risks although it was noted that Covid-19 grants are no longer being given. There remains a risk that fraudulent claims may come to light in the future although this will diminish over time.

The bribery risk assessment has also been reviewed and updated following the restructure at CMT level.

Both these risk assessments have been incorporated into the overall risk assessment the Audit Manager is using as part of the audit planning process.

#### **5. NFI 2022/23 and 2023/24**

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council is required to submit data to National Fraud Initiative on a regular basis. The last major exercise was in 2022/23, where 848 matches were generated for investigation across the authority including Housing, Finance, Revenues and Benefits. This can involve a considerable amount of officer time.

The CFWG reviewed the status of the matches in January 2023 and 38% of matches had been checked and cleared with no fraud identified. The majority of the outstanding matches related to Housing. The Audit Manager will work with the department to ensure that these are reviewed.

The next major exercise is due to take place in Autumn 2024, with matches due to be released in early 2025.

The Council also submits Council Tax data on an annual basis in order to check the legitimacy of the Single Person Discounts claimed. Alongside the 2023/24 exercise, the UDC opted in to a Council Tax to Deceased Death Register Information pilot at no additional cost to the Council. In January 2024, 2638 matches were released to UDC, with the results of the pilot to follow. Progress in reviewing these matches will be monitored by the CFWG.

#### **6. Transparency Code**

The Local Government Transparency Code 2015 sets out the minimum data that local authorities should be publishing. One element of this is information about our counter-fraud work. UDC last published counter-fraud data relating to the 2020/21 financial year. The Audit Manager will work with other members of the CFWG to understand the methodology used to calculate previously reported figures and ensure that data for the 2021/22, 2022/23 and 2023/24 financial years is published by end of April 2024.