



Vale of Glamorgan Council - Counter Fraud Framework

1. Introduction

The Council takes ultimate responsibility for the protection of its finances and those that are administered on behalf of Welsh Government. The Council recognises that fraud is costly in terms of reputational risk and financial loss.

2. The Framework

The Council's Corporate Governance Framework underpins the Council's activities and as such it has a number of components that exist to protect the Council against fraud. These are:

Annual Governance Statement

The Council has approved and adopted a local Code of Corporate Governance which explains how the Council delivers good governance and reviews the effectiveness of these arrangements. Within the overall control arrangements of this statement, the system of internal control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

Internal Audit

Under the Public Sector Internal Audit Standards (PSIAS), internal audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It is widely recognised that effective internal audit is regarded as a matter of good practice. In addition, it supports the Council's Section 151 Officer in discharging their responsibilities as contained in legislation.

As part of the assurance gathering process used to prepare the Council's Annual Governance Statement the Head of Audit provides an annual report, which gives their opinion on the adequacy and effectiveness of the Council's control environment.

In addition, a number of staff within Internal Audit are trained and qualified to the level of accredited counter-fraud officers who investigation expertise will be pivotal in ensuring a corporate fraud response is effectively maintained.

Councillors Code of Conduct

The Seven principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office. All public office-holders are both servants of the public and stewards of public resources. The seven principles are:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty and;
- Leadership.

All Councillors are expected to adhere to the Council's Code of Conduct for Councillors which sets out the standards of conduct and behaviour expected.

Code of Conduct for Council Employees

The Code sets out the minimum standards of conduct that is expected of a Council employee. This covers general standards, financial and non-financial interests; relationships with colleagues, managers, councillors, contractors etc., gifts and hospitality, appointments, political neutrality and political restrictions.

Register of Interests, Gifts and Hospitality

This is covered in both the above codes and illustrates clear advice when dealing with any situations concerning interests, gifts and hospitality.

Recruitment and Selection Procedures

The Council's Recruitment and Selection Procedures ensures that employees are appointed on merit and includes controls to eliminate the appointment of unsuitable persons.

All applicants who accept the Council's offer of employment are consenting to the Council using the personal data which they have provided in connection with the application and which they may provide in the future, for fraud prevention purposes. This means that the Council can check and/or data match personal data held between Council Departments and other organisations as deemed necessary.

National Fraud Initiative (NFI)

The National Fraud Initiative is a mandatory data matching exercise that tackles a broad range of fraud risks faced by the public sector. The NFI has been embedded in the statutory external audit process for audited and inspected bodies since 1998 and is currently run every two years.

Risk Register

The Council has a risk register in order to identify, record, review and revise key business risks. All risks have been evaluated and priorities. The main priorities within this strategy are the identification, evaluation and control of risks that threatens the Council's ability to deliver services to the public.

Others

There are a number of other policies that are relevant and form part of the overall governance framework. These include:

- Anti-Fraud and Bribery Policy (including Money Laundering);
- Whistleblowing Policy;
- HR Policies (including Disciplinary Policy);
- Regulation of Investigatory Powers Act 2000.
- Procurement regulations
- Financial and Contract Procedure Rules

3. Corporate Fraud Risks

The Council can be exposed to fraud and corruption through a variety of internal and external sources. These include:

- Council Tax Reduction Scheme (including Discounts and Exemptions);
- Housing Benefits (although fraud in this area is investigated by the Department for Works and Pensions – Serious Fraud Investigation Service (SFIS)).
- Council Tenancies, temporary accommodation, renovation and other housing related grants;
- Parking concessions (Blue Badges);
- Social Work Payments;
- School Places;
- Licences;
- Grants;
- Procurement;
- Employee fraud (For example: fraudulent claiming by employees of flexi and mileage expenses).

These areas can be regularly subject to attack by individuals / groups intent on committing fraud which means that there is less money and resources available for those in genuine need.

Council Tax Benefit was abolished from April 2013 and was replaced by the Council Tax Reduction Scheme which is no longer a social security Benefit. The DWP have in the past jointly investigated this area of fraud with the Council but this is now not the case. The level of fraud risk associated with this scheme will need to be determined by the Council.

In addition, projects such as the National Fraud Initiative (NFI) have been utilised in the Council's fraud prevention regime. NFI compares different sets of data such as payroll or benefit records against other records held by the same or other organisations, bringing to light potentially fraudulent claims and payments.

4. Assessment

A review has been undertaken which has been based on the good practice identified in the Local Government Fraud Strategy. It includes an assessment on how well the Council acknowledges the risk of fraud and how it prevents, detects and pursues monies or assets obtained fraudulently. It also considers how services that are more

susceptible manage that risk. Attached at **Appendix B** are the results of the assessment.

5. Conclusion

It is impossible to eliminate the risk of fraud completely and whilst the Council's current arrangements are good there are areas where the control framework could be improved, the main ones being:-

- A comprehensive Fraud Response Plan should be developed and implemented across the Council, This should provide practical guidance to elected members and staff on the procedures that should be followed where a fraud is suspected and/or discovered. The Plan should identify how fraud and corruption may be discovered, the action that should be taken when suspicions are raised, the arrangements for investigation and how this will be reported including redress. The fraud response plan should support both the Council's Anti-Fraud & Bribery and Whistleblowing Policies.
- Following on from this initial Assessment, an Annual Fraud Risk Assessment should be undertaken moving forward. This should be reported both to the Council's Corporate Management Team and Audit Committee.
- Corporate Management Team should consider the implications of fraud and whether the resource is sufficiently robust to tackle fraud risks and investigate suspected and known fraud, particularly in light of the fact that there is a lack of a dedicated fraud resource.
- There is no specific training given or offered on the Council's Fraud Framework either corporately or divisionally.
- Records on fraud and/or bribery attempts are not maintained across the Council; therefore trends cannot be identified and or monitored negating the ability to corporately target specific areas for further training or for security measures to be put into place.