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Dear Annwen

Counter-fraud arrangements

We have recently carried out a high-level review of counter-fraud arrangements across 40 organisations in Wales, including all 22 local authorities. The purpose of the review was to establish whether the arrangements for preventing and detecting fraud in the Welsh public sector are effective. We intend to publish a national report on our findings. .

The local fieldwork at Isle of Anglesey County Council comprised a high-level evaluation of the Council's counter-fraud arrangements based on a document review, a self-assessment completed by the Council, and some interviews with relevant officers.

As the national report is not due to be published until summer 2020, I feel that there is merit in setting out some of our key findings more formally because we have identified some opportunities to strengthen the Council's counter-fraud arrangements. We appreciate that your resources are limited but feel that the Council would benefit from the following:

- updating the anti-fraud and corruption policy which is many years out of date and was seemingly last reviewed as long ago as 2012. We understand that the Council plans to revise this policy during 2020; this should be prioritised;
- updating the Fraud Response Plan, ensuring it is communicated to all staff, third parties and members of the public. The Council needs to ensure that the plan provides a direction to those who wish to raise concerns about suspected fraud and gives a framework to follow in responding to allegations of fraud;
- Senior Leadership Team (SLT) need to consider ways it can strengthen its approach to promoting the importance of a good anti-fraud culture, giving a zero-tolerance message regarding fraud, and identify ways in which it can educate and raise awareness amongst staff about fraud;

- undertaking a comprehensive fraud risk assessment, sharing and discussing this with SLT and Audit Committee; We understand that the assessment is planned during 2020, and this should also be prioritised;
- considering fraud risk as part of the overall risk management process;
- develop an annual programme of proactive counter-fraud work which covers the risks identified in the risk assessment;
- clearly communicating the structure, roles and responsibility in relation to counter-fraud to ensure that lines of accountability are clearly understood by all;
- considering a corporate case management system to record and monitor the progress of potential fraud cases;
- considering regularly use of data analysis to validate data and detect potentially fraudulent activity; and
- considering ways to provide an appropriate level of fraud related information to Audit Committee, and how Audit Committee can take a proactive role in promoting counter-fraud matters and have more oversight of counter-fraud arrangements.

Given the opportunities to strengthen current arrangements that we have identified, we will maintain a watching brief on this area as part of our Assurance and Risk Assessment work for 2020-21 and will consider whether we need to do any further work in this area in due course.

If you have any queries, please do not hesitate to contact me.

Yours sincerely



Derwyn Owen
Audit Engagement Director