

ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	08 February 2022
Pwnc: Subject:	Addressing the recommendations of Audit Wales in relation to countering fraud
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Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: The Governance and Audit Committee has oversight responsibility for the Council's arrangements for preventing, detecting, investigating and prosecuting fraud and corruption. This report provides the Council's response to a letter received from Audit Wales regarding the Council's arrangements for counter fraud.	

1. INTRODUCTION

- 1.1 In early 2020, Audit Wales 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 were effective. Due to the pandemic, Audit Wales delayed publishing the national report¹ on its findings until July 2020.
- 1.2 As part of the high-level review, Audit Wales completed local fieldwork at the Isle of Anglesey County Council. The Audit Engagement Director wrote to the Chief Executive Officer to set out some of their key findings more formally as they had identified some opportunities to strengthen the Council's counter-fraud arrangements, while appreciating that the Council's resources are limited.
- 1.3 The Head of Audit and Risk has developed an action plan to address these recommendations, which is attached at [Appendix 1](#).

2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee reviews and notes progress with addressing recommendations made by Audit Wales in relation to countering fraud.

¹ 'Raising Our Game' – Tackling Fraud in Wales, Audit Wales July 2020
<https://www.audit.wales/publication/raising-our-game-tackling-fraud-wales>

APPENDIX 1 – ACTION PLAN

AUDIT WALES RECOMMENDATION	RESPONSE	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
<p>Updating the anti-fraud and corruption policy, which is many years out of date and was seemingly last reviewed as long ago as 2012.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.</p>	<p>The Policy for the Prevention of Fraud and Corruption forms part of the Constitution (5.6) and is therefore reviewed annually as part of the regular review of the Constitution.</p> <p>The Internal Audit team prioritised core risk-based internal audit assurance work during 2020/21 while staff were redeployed to assist with the Council's response to the pandemic. Following the return of the redeployed staff and the filling of the Senior Auditor vacancy, resources are now available to commence the counter fraud programme of work. The Counter Fraud, Bribery and Corruption Strategy 2021-24 was submitted to the Governance and Audit Committee in December 2021 and provides a road map for delivering counter fraud activities over the next three years, proportionate to the level of fraud risk assessed. Refreshing the counter fraud policy is one of the priority tasks within the Strategy.</p>	<p>Head of Audit & Risk</p>	<p>September 2022</p>
<p>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</p>	<p>As above. The Head of Audit and Risk will review and update the Fraud Response Plan during 2022.</p>	<p>Head of Audit & Risk</p>	<p>September 2022</p>

AUDIT WALES RECOMMENDATION	RESPONSE	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
framework to follow in responding to allegations of fraud.			
Senior Leadership Team 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	A number of approaches to promoting an anti-fraud culture have been included in the Counter Fraud, Bribery and Corruption Strategy 2021-24, which SLT reviewed before it was submitted to the Governance and Audit Committee in December 2021. Activities include an eLearning training package, regular briefings, sharing National Anti Fraud Network alerts and a review, refresh and promotion of the counter fraud Policy.	Head of Audit & Risk	December 2022
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.	As above, a programme of counter fraud activities, including a fraud risk assessment, will be delivered during the first year of the Counter Fraud, Bribery and Corruption Strategy for 2021-24.	Head of Audit & Risk	December 2022
Considering fraud risk as part of the overall risk management process	The SLT recognised fraud as a risk in the corporate risk register in August 2020. However, following a comprehensive review of the corporate risk register in December 2021, the SLT transferred fraud risk to the service risk registers to be managed at service level.	Senior Leadership Team	Implemented
Develop an annual programme of proactive counter-fraud work which covers the risks identified in the risk assessment.	The Counter Fraud, Bribery and Corruption Strategy 2021-24 was submitted to the Governance and Audit Committee in December 2021 and provides a roadmap for proactive counter-fraud work to be undertaken over the next three years.	Head of Audit & Risk	Implemented

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Clearly communicating the structure, roles and responsibility in relation to counter-fraud to ensure that lines of accountability are clearly understood by all.	The Counter Fraud, Bribery and Corruption Strategy 2021-24, submitted to the Governance and Audit Committee in December 2021 includes and prioritises an objective to review and update the counter fraud policy. This document will detail the structure, roles and responsibility in relation to counter fraud.	Head of Audit & Risk	September 2022
Considering a corporate case management system to record and monitor the progress of potential fraud cases	The volume of fraud cases does not justify the expense of procuring a corporate case management system to record and monitor the progress of potential fraud cases.	Head of Audit & Risk	Not applicable
Considering regularly use of data analysis to validate data and detect potentially fraudulent activity	The Internal Audit team has regularly undertaken data analysis using bespoke data analytical software (ActiveData For Excel®) during relevant audits. In addition, since the recruitment of the Senior Auditor in December 2021, a comprehensive review of the data match reports provided by the National Fraud Initiative has commenced.	Head of Audit & Risk	Implemented
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.	The Head of Audit and Risk submitted the Annual Counter Fraud, Bribery and Corruption Report for 2020-21 to the Governance and Audit Committee in July 2020 and the Counter Fraud, Bribery and Corruption Strategy 2021-24 in December 2021. The Head of Audit and Risk provides an update to each meeting of the Committee to provide members with information on Internal Audit's counter fraud activity.	Head of Audit & Risk	Implemented