

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	19 September 2024
Subject:	Annual Counter Fraud, Bribery and Corruption Report 2023-24
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<p>Nature and Reason for Reporting: The Governance and Audit Committee's terms of reference require it to oversee any major areas of fraud, identified in an annual report and monitor action plans to address control weaknesses (3.4.8.9.5). They also require the Committee to consider the assurance provided by internal audit (3.4.8.9.6).</p> <p>This report presents the activity carried out by internal Audit during 2023-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council and provides assurance to the Committee on the effectiveness of the Council's arrangements to minimise the risk of fraud.</p>	

1. INTRODUCTION

- 1.1. The Public Sector Internal Audit Standards 2022 (PSIAS) require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
- 1.2. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.

2. RECOMMENDATION

- 2.1. That the Committee considers and comments on the activity carried out during 2023-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council and notes the assurance provided to the Committee on the effectiveness of the Council's arrangements to minimise the risk of fraud.

Annual Counter Fraud, Bribery & Corruption Report 2023-24

August 2024



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Head of Audit & Risk



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Introduction

1. This report presents the activity carried out during 2023-24 to minimise the risk of fraud, bribery and corruption¹ occurring within and against the Isle of Anglesey County Council.
2. This supports the requirements of the Public Sector Internal Audit Standards, 2022 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council’s responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
4. A [report](#) by the Auditor General for Wales in 2019 stated that the value the public sector loses to fraud is unknown. A Cabinet Office [report](#) in 2019 identified an upper and lower range for likely losses in government spend between 0.5% and 5% of expenditure.
5. Applying those estimates to the £208.5 million gross revenue [budget](#) of the Isle of Anglesey County Council in 2023-24 suggests that losses to fraud and error may be anywhere between £1.04 million and £10.4 million per annum.
6. A further [report](#) of the Auditor General for Wales on fraud published in 2020 made 15 recommendations to public bodies in Wales.
7. This report provides an assessment on the effectiveness of the Council’s arrangements to minimise the risk of fraud, and its progress in responding to the Auditor General’s recommendations. It highlights some of the current and emerging areas of fraud risk and the challenges and opportunities going forward.

¹ An explanation of what constitutes fraud, bribery and corruption is included at [Appendix 1](#)

Why is Countering Fraud, Bribery and Corruption Important?

8. Each pound lost to fraud, bribery and corruption represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them.
9. At a time of increasing financial pressure, it is more important than ever for all public bodies in Wales to seek to minimise the risks of losses through fraud and support financial sustainability.
10. Fraud can also affect the public sectors' reputation, undermining public trust and organisational efficiency.
11. When councils take effective counter fraud measures, they rebuild this public trust, and ensure that scarce funds are used effectively.
12. The public sector is now being increasingly targeted due to their larger financial transactions and the greater potential profits for fraudsters.
13. CIPFA, in its 'Code of Practice on Managing the Risk of Fraud and Corruption'² advocates that:

“Leaders of public services 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”.

Current Context

14. There is real concern in the public and private sectors in the UK that fraud is now at unprecedented levels – according to the Home Office, fraud accounts for over 40% of crime but receives less than 1% of police resource.³
15. It costs the UK economy billions every year. The National Fraud Intelligence Bureau, part of the City of London Police, has quantified the value of reported losses due to fraud in the year ended 31 December 2023 at £2.1 billion.
16. Despite the latest figures from the Crime Survey for England and Wales (CSEW) for the year ending March 2024 (3.2 million fraud incidents) showing that fraud crime decreased by 10% compared with the year ending March 2023 (3.5 million incidents), fraud is the most commonly experienced crime in England and Wales today.⁴
17. However, the CSEW estimates showed that fewer than one in seven fraud offences were reported to the police or Action Fraud (the public-facing national fraud and cybercrime reporting centre). This under-reporting hampers understanding of the threat.
18. With the war in Ukraine and the cost-of-living crisis, other business-critical risks such as supply chain disruption, staff retention, and cyber threats, the opportunities for fraud continue to increase, and fraudsters will take advantage of the situation using increasingly sophisticated tools to commit crime.
19. In response we have seen the UK government issue its Fraud Strategy⁵ and there is new legislation including the 'failure to prevent fraud' offence introduced in the Economic Crime and Corporate Transparency Act 2023, which received Royal Assent in October 2023.

² [Code of Practice on Managing the Risk of Fraud and Corruption](#), CIPFA, 2014

³ [Fraud Barometer 2023: A snapshot of fraud in the UK](#), KPMG, February 2024

⁴ [Crime in England and Wales](#), ONS, March 2024

⁵ [Fraud Strategy: stopping scams and protecting the public](#), June 2023

20. This offence is intended to encourage organisations to take responsibility for poor systems and controls that may be exploited by individuals to break the law. The organisation will be able to avoid prosecution if it is able to prove that, at the time that the fraud offence was committed, it had 'reasonable procedures' in place to prevent this type of fraud from occurring.
21. Fraud risk is also recognised as a serious issue by many in terms of the internal threat from management and staff. A report⁶ by Zurich UK, based on Freedom of Information data from 43 police forces in England and Wales, highlighted that employee theft jumped as the rising cost of living triggered a wave of workplace crime.
22. This increase was replicated in the North Wales Police force area, with employee thefts increasing from 55 in 2021 to 68 in 2022; a 24% increase.
23. Along with Hampshire, Cheshire and Surrey police force areas, the North Wales Police force area was in the top quartile of force areas to see an increase in employee theft (13th highest increase).
24. Although national figures reveal that this figure has dropped slightly in 2023-24, from 6,560 workers to 6,244 caught stealing from their employer, this still amounts to over 500 incidents every month in England and Wales.⁷
25. Zurich has also seen an increase in insurance claims for social engineering, where fraudsters manipulate employees into making payments or handing over bank details and passwords. This includes cases where criminals have hacked a senior employee's email and sent urgent payment instructions with fraudulent bank details to other staff members and external parties.

⁶ [Employee theft jumps by a fifth as cost-of-living pressures mount](#), Zurich UK, February 2023

Assessment of Counter Fraud Arrangements at the Council

26. CIPFA endorses a common set of principles across public services to improve counter fraud practice, set out in its [Code of Practice on Managing the Risk of Fraud and Corruption](#). Using this code as a benchmark, an assessment against the five principles was carried out and a high-level summary of the results appears below.

Acknowledge responsibility

27. The first principle of the Code advocates that the governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.
28. A framework of policies exists, as recommended by the guidance and policy acceptance software tracks staff's acceptance and understanding of some policies. The following policies were issued to staff for them to confirm their knowledge and understanding and as at 10/10/23⁸ acceptance was confirmed as:

Policy	Compliance Rate
Officers' Code of Conduct and Local Guidance	90% (976 of 1,083)
Whistleblowing Policy and Guidance	95% (1,024 of 1,083)

29. A comprehensive programme of policy refreshment, counter fraud awareness raising, and an eLearning package is being delivered as part of the Counter Fraud Strategy for 2022-2025.

⁷ [Number of theft by an employee offences in England and Wales from 2002/03 to 2023/24](#), Statista 2024

⁸ The policy acceptance software is currently being upgraded

Identification of fraud and corruption risks

30. The second principle advocates fraud risk identification as essential to understanding specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.
31. The Code supports the consideration of fraud and corruption risks as business risks and for them to be managed as part of the organisation's risk management process. The Council has a mature risk management framework and fraud risk is considered during this process.
32. In conjunction with the Training and Development Team, a programme of counter fraud training events was provided in December 2023 and March 2024, targeted at elected and lay members, and managers and officers with financial and procurement responsibilities.

Counter fraud and corruption strategy

33. The third principle advocates that organisations need a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
34. The Council has a clearly defined three-year strategy, approved at the highest level (Governance and Audit Committee, December 2021), which is focused on outcomes, helping to ensure that the risk of fraud and corruption is taken seriously in the Council.
35. Progress with delivering the Action Plan within the Strategy is detailed at [Appendix 2](#).

Provision of resources

36. The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy. Similar to all services within the Council, there has

been limited capacity and resources within the Council towards counter fraud arrangements.

37. However, resource within Internal Audit and Risk Management was identified during the year to:
 - Investigate allegations of fraud.
 - Coordinate data required from the Council by the National Fraud Initiative for its biennial data matching exercise.
 - Explore high-risk matches identified by the NFI data matching exercise.
 - Distribute National Anti-Fraud Network alerts to relevant officers.
 - Attend the North & Mid Wales Audit Partnership's Counter Fraud Working Group.
38. In total, 67 days (8%) of the Internal Audit Team's work was involved in counter fraud activities during 2023-24 (28 days / 4% in 2022-23), including 7 days (8 days 2022-23) undertaking work for the National Fraud Initiative and 60 days (20 days 2022-23) involved with pro-active fraud work, general fraud queries and investigations.

Take action

39. The final principle advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.
40. It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity. Irrespective of the size and activities of an organisation, however, it needs to take appropriate action and report on that action to its governing body.

41. The most efficient and effective way to fight fraud is to prevent fraud occurring in the first place. This can be achieved by sharing knowledge and raising awareness.
42. During 2023-24:
- the Council's bank, Nat West, provided a national seminar on Tackling Fraud Together - Top Threats to Local Authorities.
 - Internal Audit shared National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year (see [Appendix 3](#))
 - A programme of training was provided to elected and lay members, managers and officers with financial and procurement responsibilities. A total of 10 sessions were provided on a face-to-face basis, which were attended by 129 participants (see attendance below and flyer right)

Attendees	Number
Members	16
Managers	17
Officers	35
Financial System Users	61
Unable to attend but registered an interest	8

Fraud & Corruption Awareness

Fraud and Corruption can pose **serious risks** to our teams and organisation. We are all responsible for managing these risks and operating safely and legally. This course is essential for those involved with generating and processing **Purchase Orders, invoices** and other **financial transactions**.

- Training for Managers**
Our Managers' session will provide you with practical knowledge about the **risks of Fraud and Corruption**, and equip you with the skills required to effectively manage them.
- Training for Officers**
This session provides the necessary tools to **recognise and prevent** potentially corrupt behaviours and schemes; not only will Officers be able to **protect themselves**, but also the Authority and Public Finances.
- Training for Users of Financial Systems**
This short-course explores the current **Cyber-crime** landscape and emerging tactics deployed by criminals to steal money and information from organisations, and is **essential learning for Finance- and Payment-system users**.

Penmon Meeting Room
Anglesey Business Centre
Llangefni, Isle of Anglesey
LL77 7XA

This is a face-to-face learning session.
Hybrid classrooms are not available.

Training@Anglesey.gov.wales

Book now on Learning Pool

INTERNATIONAL FRAUD AWARENESS WEEK
November 12th to 18th, 2023

Progress with Implementing the Auditor General's Recommendations

43. We assessed the progress that the Council has made to implement the 15 recommendations made in the Auditor General for Wales's 2020 [report](#) on fraud to the Welsh Public Sector.
44. Of the 15 recommendations, one applied to Welsh Government and the remaining 14 applied to the wider public sector in Wales, including local government.
45. In response, a Counter Fraud Working Group, a sub-group of the North and Mid-Wales Audit Partnership (N&MWAP), was established to work collaboratively to address the recommendations that applied to local government. This addressed one of the recommendations regarding better collaboration across the sector.
46. A template of 'best practice' has been developed by the Working Group, which will be submitted to the next meeting of the N&MWAP for approval by the chief audit executive members, on 1 October 2024.
47. Much work to address the recommendations has been identified in the Council's Counter Fraud, Bribery and Corruption Strategy 2022-2025, but there is still more to be done.
48. The role-appropriate fraud awareness training has helped to increase the Council's effectiveness in preventing, detecting, and responding to fraud.
49. Work will continue to build the Council's anti-fraud culture with the launch of the eLearning and Fraud Reporting Tool and the refreshed policies, to coincide with the International Fraud Awareness Week in November 2024. This will actively promote the importance the Council gives to countering fraud and will give confidence to staff and members of the public that fraud is not tolerated.
50. The Council seeks to maximise benefit from its National Fraud Initiative work and will continue to use data analytics in its continuous monitoring work, extending this to include payroll data.
51. Where fraud is identified and successfully addressed it will be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
52. The Governance and Audit Committee is engaged with counter-fraud. It receives reports of the outcome of fraud investigations, and provides support and direction, monitoring and holds officials to account.
53. While the Council has trained counter-fraud staff that meet recognised professional standards, capacity remains an issue and the limited resources will need to be prioritised on a risk basis.
54. Key to responding to the risks the Council faces from fraud is using its available resources to bring together services to undertake comprehensive fraud risk assessments, using appropriately skilled staff, using national intelligence as well as organisation-specific intelligence.
55. These fraud risk assessments will be used as a live resource and integrated within the general risk management framework to ensure that the risks identified are appropriately managed and escalated as necessary.

Fraud Attempted Against the Council During 2023-24

Internal Fraud

56. In August 2023, in accordance with the Policy for the Prevention of Fraud and Corruption, a Head of Service referred a potential internal fraud to the Head of Audit and Risk, who conducted an internal investigation into the matter. The employee was suspended from duty while the investigation was conducted.
57. At the conclusion of the investigation, the Head of Audit and Risk submitted a report to the Chief Executive, who asked for the matter to be reported to North Wales Police. This was endorsed by the Director of Function (Council Business) / Monitoring Officer and the Director of Function (Resources) / Section 151 Officer in accordance with the Constitution.
58. North Wales Police asked the employee to make arrangements with them to be interviewed. Following this, the employee decided to resign, and the Council accepted the employee's resignation.
59. Following an interview under caution, where the former employee admitted an offence under Section 2 of the Fraud Act 2006, North Wales Police issued the former employee with a Conditional Caution.

North Anglesey Regeneration Grant

60. Following a referral from a member of the public in June 2023, the Director of Function (Resources) and Section 151 Officer asked Internal Audit to investigate a claim that a grant recipient had fraudulently obtained and was not entitled to the award of a North Anglesey Regeneration grant of £7,500.
61. Our investigation sought to confirm whether the qualifying criteria and eligibility requirements had been met when awarding the grant.

62. Our investigation confirmed that the applicant had correctly followed the procedure to apply for the grant and had submitted the documentation required by the Council. All documentation and proof of purchase of the asset met the requirements of the grant. All were submitted and carried out in the correct order and within the specific timelines.
63. A panel of officers within the Council concluded that the prime objective of the scheme was met, and the application was processed in accordance with this conclusion.

Housing Waste Disposal

64. The former Leader, Councillor Llinos Medi, received a complaint from a member of the public, regarding the arrangements for purchasing materials and disposing of waste within the Housing Maintenance Unit, and alleging favouritism towards a particular supplier.
65. The former Leader referred the complaint to Internal Audit. Similar concerns were investigated in 2021 but found unsubstantiated. The complainant also submitted Freedom of Information requests and raised the issue with Audit Wales, who decided not to investigate further.
66. Due to increased contract expenditure, Internal Audit conducted a further internal review to assess whether correct procedures were followed and if value for money was achieved. The investigation confirmed that procurement rules were followed, but minor discrepancies and potential overpayments in waste disposal charges were identified. An action plan was agreed to strengthen controls, reclaim overpayments, and improve contract management.
67. The investigation, supported by the outcome of previous investigations, also concluded that there was no inappropriate favouritism towards the waste management provider.

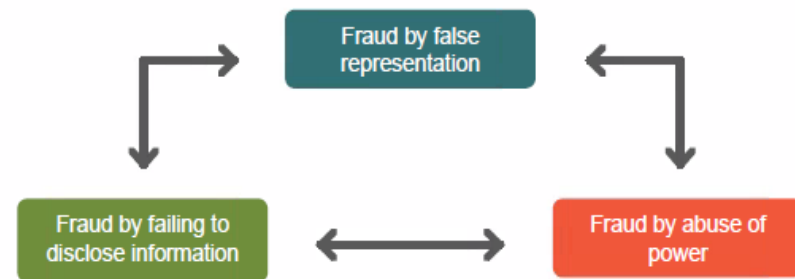
Conclusion

68. Some level of public sector fraud is likely, even in normal times, and 2023-24 continued to be a year of unprecedented challenges. Given that all elements of the classic fraud triangle in which fraud thrives (motivation, opportunity and rationalisation) are heightened, the prediction for fraud is that it continues to pose a major financial threat for councils, with no sign of slowing down.
69. The Council is not immune to theft in the workplace, which can go undetected for years, and occur at all levels. Unless we have the right protections in place, the Council will have little chance of recovering stolen cash and goods, and may face other expenses, such as regulatory fines. The effective management of fraud and corruption risks is a critical part of an effective, modern council, one that manages its resources efficiently to secure value for money outcomes. The Council can reduce the risk of employee theft by implementing robust payment controls, regular audits, and a positive work culture.
70. Good progress is being made with delivering the Counter Fraud, Bribery and Corruption Strategy 2022-2025. Continued delivery of the Action Plan will ensure the Council is successful in fighting fraud. A key next step is the development of a Council-wide fraud risk assessment which will help to improve the Council's ability to identify potential instances of fraud, as well as any weaknesses in its counter-fraud arrangements or areas at higher risk of fraud. This will allow the Council to better target its limited resources and activities appropriately, particularly if and when new fraud risks emerge.
71. Finally, the behaviours and actions of individuals play a crucial role in tackling fraud risks. We must all, staff and members alike, play our part in creating a culture hostile to the risks of fraud and corruption, clearly setting out the line between acceptable and unacceptable behaviour within the Council.

Appendix 1 – What is Fraud, Bribery and Corruption?

Fraud

The Fraud Act 2006 sets out three ways in which the crime can be committed:



It involves leading the perpetrator to make a gain (generally financial), causing a loss to another (including an organisation), or exposing someone else to loss.

For example, fraud by false representation is where the perpetrator deliberately submits false overtime claims or submits false qualifications during the recruitment process.

An example of fraud by failing to disclose information includes not disclosing information to a judge during litigation which results in the organisation losing the case and paying compensation.

Fraud by abuse of position includes where a member of staff abuses their position to award contracts to friends and family or transferring creditor payments into their own personal account.

Bribery

The Bribery Act 2010 sets out four ways in which the crime can be committed:

- Giving bribes either directly or through a third party
- Receiving bribes
- Bribery of a foreign public official
- Failure of a commercial organisation to prevent bribery (corporate offence)

The concept of bribery is broad and includes the offer, promise or giving of a financial or other advantage intended to induce or reward the improper performance of a public function or business activity. Special consideration is also given in the Act to certain areas of activity, including hospitality and gifts.

For example, someone giving a Council employee an advantage in return for them not performing their function properly. Just offering or promising a bribe is a criminal offence, there does not have to be any payment or reward given; accepting a bribe is a criminal offence as is agreeing to take or asking for a bribe. The advantage can be money, concert tickets or any other type of gift or hospitality. Examples include if someone offers money in return for:

- Not checking the accuracy of a benefits application
- Providing confidential information on a tendering process
- Influencing a Council outcome e.g., lobbying for private companies.

The Council is legally bound to prevent bribery and could face a fine for not doing so. Staff are under a duty to report any suspicions they have about financial or professional misconduct. The penalty for being involved in bribery is up to 10 years in prison and / or an unlimited fine.

Corruption

While there is no legal definition of corruption, corruption is often seen as a precursor to bribery and His Majesty's Government uses the definition developed by the Home Office.⁹

Corruption is often seen as a precursor to bribery and has been defined as:

"...the abuse of entrusted power for private benefit that usually breaches laws, regulations, standards of integrity and/or standards of professional behaviour."

Corruption or someone being 'corrupt' relates to behaviour and is the lack of integrity or honesty (which may involve bribery) or the abuse of position for dishonest gain.

It is used to describe someone who engages in fraud, theft, money laundering and other potential criminal or damaging practices where they act against the interests of the Council for their or another's gain.

For example:

- Deliberate misrepresentation of performance information
- Taking money or a gift to award a contract
- Theft of assets (laptops, equipment)
- Passing sensitive information to third parties for their advantage in a tendering process
- Not disclosing a conflict of interest for financial gain
- Using their influence to secure a job for friends / family members.

⁹ [Government Counter Fraud Functional Strategy 2024-2027](#)

Appendix 2 – Delivery of Counter Fraud, Bribery and Corruption Action Plan 2022-2025

Issue / Risk	Action	By Whom	By When	Current Status
The risk of 'insider threat' has increased by over half since 2021	We will undertake an internal audit review of the arrangements for declaring potential conflicts of interest during 2022-23.	Internal Audit	March 2023	Informal draft report has been prepared and shared with the Director of Function (Resources) and Section 151 Officer, and Head of Profession (HR) and Corporate Transformation. However, this has been parked due to the STAR programme to improve procurement processes within the Council. It has a workstream to develop Declaration of Interest requirements, to make them more robust and mandated through the Contract Procedure Rules (CPRs). An updated template is to be developed to reflect best practice, and agreement as to when and how these declarations should be used, which will be included in procurement processes and the Procurement Handbook.
Disabled Facility Grants are identified by the FFCL as one of the main fraud risks in local government	We will undertake an internal audit review of the arrangements for managing fraud risks within Disabled Facility Grants during 2023-24.	Internal Audit	March 2024	Complete. Report to Governance and Audit Committee in April 2024 .
Tenancy fraud is the largest growing fraud area in the UK	Although the Head of Housing Services has assessed that, generally, tenancy fraud is low in Anglesey, we will work with the NFI to identify: <ul style="list-style-type: none"> where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies 	Head of Audit and Risk in conjunction with the Service Manager Community Housing, Housing Services	March 2023	Complete. NFI matches passed to Housing Service and investigated. See National Fraud Initiative Outcomes Report 2022-23 . Also, an Internal Audit of Managing the Risk of Tenancy Fraud was completed in September 2023 and concluded that the Housing Service had adequate arrangements in place to manage the risk of housing tenancy fraud, with

Issue / Risk	Action	By Whom	By When	Current Status
	<ul style="list-style-type: none"> cases where a housing tenant has died, but the Council may not have been notified so has not removed them from the tenancy where an individual appears to have registered on the waiting list using a different address to the one on the housing rents system, suggesting possible undisclosed changes in circumstances or that false information has been provided. 			<p>fundamental controls in place to deter and mitigate the risk of fraud provided for within its policies and contracts. However, there were some moderate governance weaknesses and internal controls that could be improved, and we raised five issues for management to consider.</p> <p>Ongoing support for the Service Manager Community Housing, Housing Service is being provided, including advice and guidance on the Housing Service's Tenancy Fraud policy.</p>
Council tax single person discount is the second largest growing fraud area in the UK	<p>We will continue to work with the Revenues and Benefits Service Manager to support the periodic review of single person discounts.</p> <p>We will also pass on the results of the matches of the council tax single person discount and electoral roll from the 2022-24 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Revenues and Benefits Service Manager	Ongoing March 2023	Complete. Matches provided to Revenues and Benefits Service. However due to other priorities, matches have not been investigated by the service. We provided the Governance and Audit Committee with two reports on progress with the National Fraud Initiative, in December 2023 and July 2024 .
Disabled parking concession (Blue Badge Scheme) represents 17% of the total cases of UK estimated public sector fraud	<p>We will work with Cyswllt Môn to bolster our counter-fraud activities in this area.</p> <p>We will also pass on the results of the matches of the disabled parking concessions and deceased persons from the 2022-23 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Cyswllt Môn Customer Experience Manager, Corporate Transformation	Ongoing March 2023	<p>Complete. Work with Cyswllt Môn to ensure internal control processes will be strengthened to ensure that the 'Blue Badge' administrators are able to proactively cross reference permit holders' details with deceased records, ensuring that badges are cancelled promptly.</p> <p>Complete. See National Fraud Initiative Outcomes Report 2022-23, December 2023.</p>
Procurement was one of the highest perceived fraud risk areas in 2019-20	We will work with the Procurement Manager to implement the action plan following the internal audit review of 'Managing the Risk of Fraud and Corruption	Head of Audit and Risk	March 2023	<p>Work in progress. Two out of six 'Issues/Risks' remain outstanding from the Action Plan.</p> <ol style="list-style-type: none"> The Counter Fraud Working Group has not yet been set up

Issue / Risk	Action	By Whom	By When	Current Status
	in Procurement', undertaken in August 2022.			2. A mechanism for confidentially reporting potential or actual fraud is in development with the Web Team and will be hosted on the Customer Relationship Management (CRM) system. It is planned for go live in November 2024.
Purchase to pay processes are vulnerable to fraud given their large processing volumes, diverse suppliers, staffing challenges, and high-value transactions	We will continue to work with the Creditors Team to identify and prevent error and fraud, including through the use of data analytics (continuous monitoring) and issuing National Anti-Fraud Network (NAFN) and other fraud alerts.	Head of Audit and Risk in conjunction with Payroll and Payments Team Manager	Ongoing	Ongoing. Continuous monitoring is carried out annually. Report issued in September 2024 and submitted to the Governance and Audit Committee. NAFN alerts issued- see Appendix 3 .
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Having a corporate counter-fraud framework, which provides a whole range of high-level parts, will contribute to the Council having an effective counter-fraud strategy. The Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. We will therefore undertake: <ul style="list-style-type: none"> • a comprehensive programme of policy refreshment • counter-fraud awareness raising • an eLearning package 	Head of Audit and Risk	December 2023	Work in progress: <ul style="list-style-type: none"> • Policy refreshment will be completed by the end of 2024-25. • A weeklong programme of training was provided in December 2023, with two mop-up sessions in March 2024. • An eLearning package has been developed and will be rolled out to coincide with the International Fraud Awareness Week 17-23 November, 2024
The identification, assessment and understanding of fraud risks is a cornerstone of	We will, in conjunction with services, develop three key work streams which will: <ul style="list-style-type: none"> • seek to identify fraud risks across the Council 	Head of Audit and Risk	December 2023	The establishment of a Counter Fraud Working Group is key to this action. A proposal will be made to Leadership Team in 2024 to seek support for the establishment of this group.

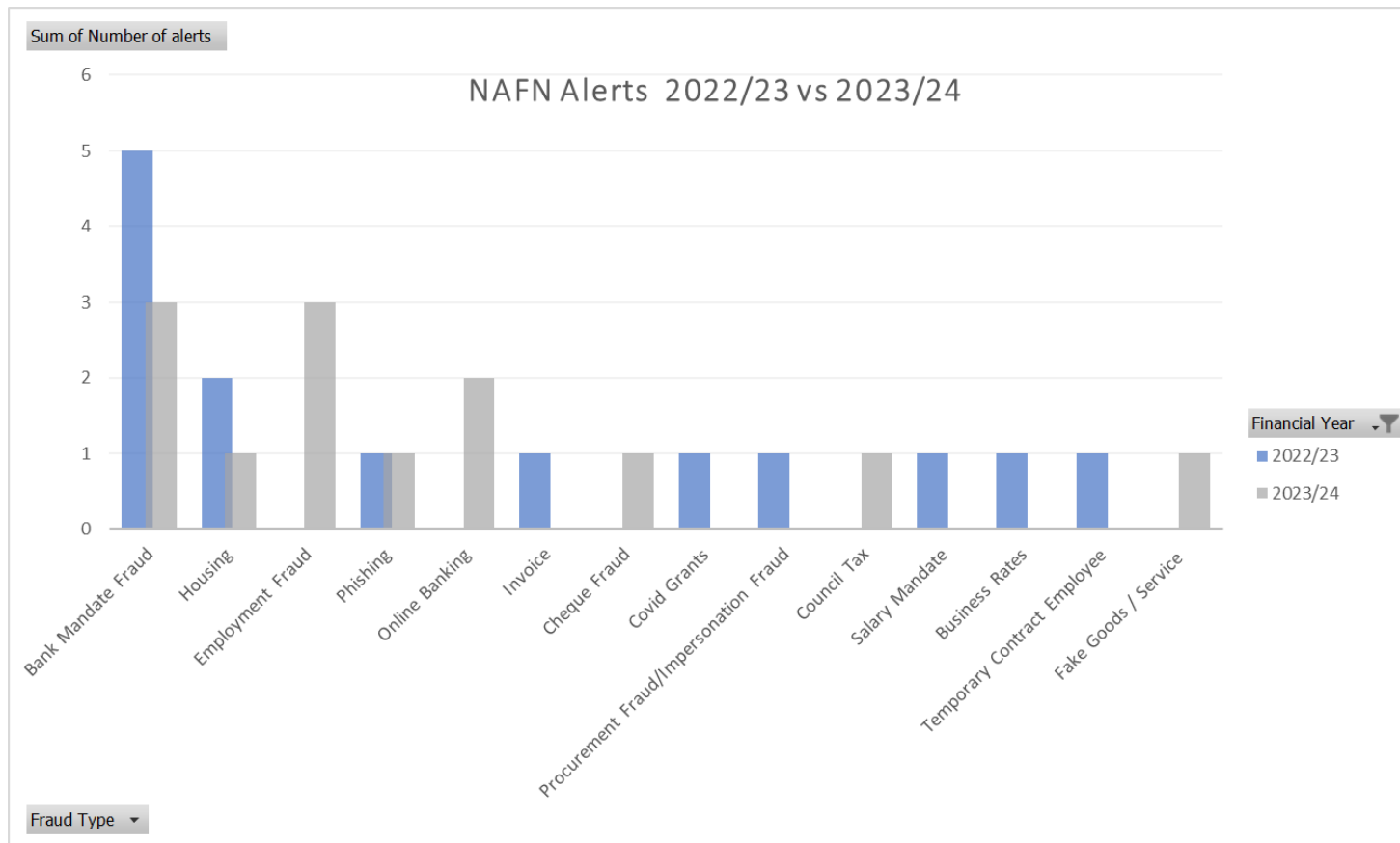
Issue / Risk	Action	By Whom	By When	Current Status
effective counter-fraud arrangements	<ul style="list-style-type: none"> • assess fraud control activities and their effectiveness, and • dedicate the right level of resource to investigating and detecting fraud where reported <p>A counter-fraud working group will be developed to help identify fraud risk across the Council.</p> <p>We will work with the group to develop a fraud risk assessment to identify the possible frauds to which services may be exposed. The assessment will estimate both the potential impact of a given fraud and the likelihood of it occurring. The results of the assessments will enable the Council to understand better the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.</p>			
Reactive referrals are often the primary source of work for the Internal Audit Team.	It is often the alertness of the public or employees that generate referrals and enables detection to occur. We will explore the provision of a fraud-reporting tool for staff and public to report concerns.	Head of Audit and Risk in conjunction with the IT Team Manager	June 2023	Work in progress. Work was delayed due to the Web Team’s work on the Customer Relationship Management System. A fraud reporting tool has been developed and is currently being tested with the assistance of the Resources Service Business Strategy Manager with an anticipated go-live date to coincide with the International Fraud Awareness Week 17-23 November 2024
Making the best use of information and	We will participate in the annual and biennial NFI exercises, which use data provided by	Head of Audit and Risk in	Ongoing	Ongoing. See National Fraud Initiative Outcomes Report 2022-24 submitted to the

Issue / Risk	Action	By Whom	By When	Current Status
technology by participating in the National Fraud Initiative	some 1,200 participating organisations from across the public and private sectors to prevent and detect fraud. The NFI matches electronic data within and between public and private sector bodies, which include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The NFI data matching plays an important role in protecting the public purse against fraud risks.	conjunction with services		Governance and Audit Committee in December 2023 and July 2024 . The timetable for the 2024-2026 exercise has just been released with data upload in October 2024.
Promotion of an anti-fraud culture	We will promote an anti-fraud culture across the Council by publicising the impact of fraud on the Council and the community, through social media.	Head of Audit and Risk in conjunction with the Corporate Communications Team	Ongoing	Not started. Although a programme of fraud awareness training has been provided, and the National Anti-Fraud Network alerts have been circulated, a programme of more general communications has not yet started.
Raising awareness	The best way to prevent fraud is to share knowledge and raise awareness. Therefore, we will in conjunction with the Training and Development Team, hold regular fraud awareness raising events, including issuing newsletters, training sessions and briefings.	Head of Audit and Risk in conjunction with the Training and Development Manager	Ongoing	Ongoing. A weeklong programme of training was provided in December 2023, with two mop-up sessions in March 2024. Discussions are being held with the trainer to provide more sessions later in 2024. The eLearning and fraud reporting tools will be launched to coincide with the International Fraud Awareness Week 17-23 November 2024.
Fraud Reporting	All fraud occurrences are required to be reported to Internal Audit. We will report investigation outcomes and lessons to be learned to the Governance and Audit Committee and the Leadership Team.	Head of Audit and Risk in conjunction with services	Ongoing	Ongoing. Information is provided to the Governance and Audit Committee through the Annual Counter Fraud, Bribery and Corruption Report and the Internal Audit Updates which are submitted to every meeting of the Governance and Audit Committee.

Issue / Risk	Action	By Whom	By When	Current Status
Collaboration, learning lessons and closing the gap	We will continue collaborating across the north Wales region to drive forward improvements in counter-fraud activity, including addressing the 15 recommendations made by the Auditor General in his July 2020 report. We will also continue collaborating across national boundaries to collaborate with the North West Chief Audit Executive Counter Fraud Sub Group, to learn lessons, share good practice and close the gap.	Head of Audit and Risk	Ongoing	Ongoing. The North and Mid Wales Audit Partnership Counter Fraud Working Group has completed its work on developing a template to address the 15 recommendations made by the Auditor General. The Group will continue meeting to share knowledge, organise training and discuss emerging risks.
Protecting the Council and its residents	To ensure our counter-fraud strategy aligns with the Council's safeguarding responsibilities to actively protect the most vulnerable in our communities, we will work closely with social care teams to develop joint approaches to identify best practice in countering risks relating to social care fraud.	Head of Audit and Risk in conjunction with the Director of Social Services	Ongoing	Not yet started.

Appendix 3 – National Anti-Fraud Network¹⁰ Alerts

The graph below highlights the variety and scope of alerts received and distributed across the Council over the last two years:



¹⁰ NAFN Data and Intelligence Services is a public sector organisation currently hosted by Tameside MBC. NAFN was established in 1997 by a core group of local authorities from across England and Wales to work collaboratively to explore the exchange of intelligence to address fraud across the country. Currently, almost 90% of local authorities are members, along with affiliated wider public authorities including social housing providers. NAFN provides an extensive range of data and intelligence services. Along with our colleagues in Trading Standards, we use NAFN for a variety of purposes. In particular, we use NAFN’s service to alert colleagues of current frauds being perpetrated across the sector in England and Wales. These alerts have been instrumental in raising the awareness of officers, particularly in the Payments Team, of frauds that are currently being attempted against the sector.