

Counter Fraud Phase 2 Question Hierarchy

Audit year: 2019 - 20

This document contains the Question Hierarchy (QH) for the Counter Fraud Phase 2 fieldwork to be completed by local audit teams.

Completion by local audit teams of the QH will enable the central study team to answer the overall question, “**Are the arrangements for preventing fraud and detecting fraud in the Welsh public sector effective?**”, in particular:

1. Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
2. Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
3. Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
4. Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
5. Does the organisation’s internal control environment support effective arrangements for preventing and detecting fraud?
6. Does the organisation have an appropriate response to fraud?
7. Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

Local auditors will need to use the information obtained from interviews and document reviews to complete the QH. To aid this, prompts have been included next to each question as a guide to auditors re what good/poor practice might look like.

The QH along with all information and evidence obtained to support the narrative and conclusions within the QH, such as interviews and document reviews should be reviewed and uploaded to SharePoint by no later than **31st January 2020**.

1. Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
<p>1.1 Do those charged with governance in the organisation promote a clear message in terms of having a zero tolerance of fraud?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The Board/ SLT makes a clear statement that fraud committed against the organisation by anyone internal or external will not be tolerated and will be dealt with in the strongest way The Board/SLT champion counter-fraud work There is a clear tone set from the Board/SLT in respect of fraud and fraud risk The organisation has prepared an annual governance statement in accordance with proper practices which reflects the tone at the top in relation to fraud <p>Potential poor practice:</p> <ul style="list-style-type: none"> Management delegates this responsibility a to an operational or functional leader and there is no clear commitment and tone set from the top Counter-Fraud has a low priority and the benefits of counter-fraud work are not fully appreciated by the top tier 	<p>The Corporate Management Team make a clear statement that fraud committed against the organisation by anyone internal or external will not be tolerated. The Code of Conduct sets out standards that must be maintained and failure to comply may render an employee being liable to disciplinary measures. Section 12 of the Code of Conduct refers to fraud and corruption and the Councils Anti-Fraud and Corruption Policy.</p> <p>The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 20 good governance statements covering Fraud & Financial impropriety. The 20 assurance statements summarised by 9 categories showed an overall “strong application” of good governance across the assurance areas</p> <p>One of the Audit Committee’s terms of reference is to monitor the counter fraud strategy, actions and resources. The Committee meets at least bi-monthly. The Audit Committee receive an annual Anti-Fraud and Corruption review report, plus on-going internal audit reports at every meeting where any fraud risks would be highlighted, and management are required to respond promptly.</p> <p>The Councils zero tolerance policy towards fraud is explicitly set out within the Anti-Fraud and Corruption Policy and advice on preventing Bribery. Where there is sufficient evidence, appropriate action, including criminal proceedings, will be taken. Internal and external web pages reinforce this stance.</p> <p>The Council has prepared an Annual Governance statement in accordance with proper practices which reflects the tone at the top in relation to fraud. The SMAS are used as the basis for preparing the AGS which has been prepared in accordance with The Code of Practice on Local Authority Accounting.</p> <p>Whilst there is a clear message and tone set from the top regarding fraud risk, it would be more effective for the SMT to take a proactive role in promoting the consequences of fraudulent behaviour within their service areas. This could be done by ensuring that there is a recurring agenda item within their financial management meetings which would enable the SMT to promote the work of the Corporate Fraud team.</p> <p>The Corporate Risk Register also does not make reference to fraud risk and this could be raised as a recommendation for improvement. Whilst fraud risk is assessed by the Counter Fraud Team and ultimate responsibility lies with the S151 officer, Fraud Risk should also be included within the Corporate Risk Register.</p> <p>Discussions with the Head of Internal Audit confirmed that the Heads of Services often investigate fraud which can result in undocumented cases, however to address this risk, work is currently being undertaken to streamline the process and ensure</p>	<p>Those charged with governance promote a clear message that fraud committed against the Council will not be tolerated which is set out in the Code of conduct and various other policies.</p> <p>Whilst there is a clear message and tone set from the top regarding fraud risk, it would be more effective for the CMT to take a proactive role in promoting the consequences of fraudulent behaviour within their service areas. This could be done by ensuring that there is a recurring agenda item within their financial management meetings which would enable the CMT to promote the work of the Corporate Fraud team.</p>

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		that any allegations are reported to the CFT to determine whether the fraud investigators need to investigate or whether the investigation may be completed by the client department.	
1.2 Does the organisation's senior leadership team and management actively promote the importance of a good anti-fraud culture?	<p>Expected good practice:</p> <ul style="list-style-type: none"> The top tier should drive an appropriate culture for tackling fraud set from top down with clear values and standards The tone at the top is reinforced through management cascading down the organisation The organisation builds confidence among employees that fraud is taken seriously, and action is taken to address fraud 	<p>The Senior leadership team and management ensure that the tone from the top promotes an anti-fraud culture, however they could take a more proactive role in reinforcing this message more regularly. There are various policies that refer to standards of behaviour expected from employees, however a recurring agenda item reinforcing the work of the CFT would be useful.</p> <p>The Council do build confidence among employees that fraud is taken seriously by having a designated section on the staff intranet to enable staff to report any fraud allegations. Also, the outcome of fraud investigations is publicly advertised which acts as a deterrent and builds awareness about the consequences of fraudulent behaviour.</p>	The SLT set a good tone from the top that fraud will not be tolerated, however they could take a more proactive role in actively promoting the message.
1.3 Are all staff required to attend fraud and ethics awareness training so that roles and responsibilities are clear?	<p>Expected good practice:</p> <ul style="list-style-type: none"> Fraud awareness has a high profile in the organisation and there is an acknowledgement that all staff have a role to play in preventing fraud The organisation conducts induction training covering fraud risks and also annual/periodic refresher training for all staff and elected members/independent members/ Non-executive directors. The effectiveness of training is confirmed through testing Training is updated to reflect emerging risks/ issues and trends <p>Potential poor practice:</p> <ul style="list-style-type: none"> No specific training or informal on the job training with no links to specific fraud risks 	<p>The Fraud Function continues to act as the hub for the receipt of Intelligence and Scam alerts from the National Anti-Fraud Network. Relative alerts are then circulated to the appropriate departments.</p> <p>The CFT delivered a Banking Fraud Awareness training event along with the councils Cash management Team and the banking partners to educate corporate users of potential scams and how to best safeguard themselves to these threats. The event was attended by nearly 70 people and within a short period of time led to users being able to better protect themselves against such threats.</p> <p>All new starters are required to complete a module on fraud risk/ awareness as part of their induction packs. Whistleblowing policy is also part of the induction. However, fraud training is not included within the mandatory training undertaken annually.</p>	All new starters are required to complete a module on fraud risk as part of their introductions, however fraud awareness training is not undertaken on an annual basis.
1.4 Does the organisation publicise proven frauds, and action taken in response to the frauds, both internally and externally as appropriate, to act as a deterrent?	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation publicises its proven fraud and the action taken in response to the frauds as a deterrent The organisation has internal and external publicity campaigns to promote the work of counter-fraud, and ensures that the counter-fraud webpage is kept up-to-date with relevant information and publicity 	<p>The CFT provide an annual report to the Audit Committee outlining the work undertaken summarising the types of cases that has been investigated but no sensitive details are provided. The Council must maintain a balance between upholding their reputation, but also reporting information publicly to act as a deterrent to the staff and public.</p> <p>The Head of Internal Audit and Comms team attend an agenda planning meeting ahead of the Audit Committee meeting to discuss any fraud allegations/ progress of investigations to foresee any potential queries that may arise and also to mitigate any sensitive information being disclosed in the presence of the media in attendance at the Audit Committee. As above, outcomes of some cases may result in warnings/reminders being issued by HoS or managers within certain departments/teams as a deterrent to others if fraud is uncovered/staff are disciplined etc.</p>	Proven frauds are publicised and taken to Audit Committee as part of the CFT annual report. This helps to ensure that the risk of fraud is reduced by acting as a deterrent for future allegations.

2. Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
<p>2.1 Does the organisation have a designated a senior individual with responsibility for counter-fraud work?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has an officer with designated responsibility for counter-fraud who has the support of the board and Audit Committee The organisation invests in counter-fraud and buys in services if there is no capacity internally 	<p>The Chief Internal Auditor has designated responsibility for counter fraud and is supported by the Corporate Management team and Audit Committee. The Chief Internal Auditor delegates the responsibility for the counter fraud work to the Corporate Fraud Team (CFT), which was established in June 2015 and is made up two FTE's.</p> <p>Ultimate responsibility for detecting/ preventing fraud lies with the S151 officer (Head of Finance).</p> <p>The annual Fraud Action Plan is signed by the Corporate Management team and presented for approval to the Audit Committee.</p> <p>There are no services that are bought in, however there are joint working arrangements with Trading Standards, DWP & South Wales Police.</p>	<p>Yes- The S151 officer is the designated officer responsible for preventing and detecting fraud. The Council have appointed a designated team to investigate fraud allegations and are the experts when it comes to mitigating the impact of emerging fraud risks.</p>
<p>2.2 Does the organisation's designated/responsible individual with responsibility for counter-fraud work have the ability to influence the level of resources devoted to counter-fraud?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The officer with responsibility for counter-fraud is able to influence decisions on staffing levels and actions 	<p>The ability to influence resources over staffing levels and actions are dependent on the nature of the complaint/ allegation raised. The ultimate responsibility in relation to the allocation of fraud resources lies with the S151 officer.</p> <p>Once it is determined that an allegation relates to fraud/ corruption then the matter is referred to the Section 151 officer and the Councils Anti-Fraud and Corruption Policy will be followed. The Council's Disciplinary Policy will be used in cases of employee misconduct such as any attempt to defraud the authority, which is treated as gross misconduct and may lead to dismissal.</p>	<p>Yes- The S151 officer has the authority to influence the level of resources devoted to Counter Fraud work. The amount of resources allocated to fraud work is</p>
<p>2.3 Does the organisation have a clear structure where the roles and responsibility in relation to counter-fraud are clearly set out?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> Organisation has a staffing structure with clear designation and clear lines of accountability and good internal communication in relation to counter-fraud The organisation has an appropriate tone from the top, operationally there are designated senior manager/managers responsible for ensuring that fraud risk is addressed and then line managers are responsible for ensuring that systems and processes are up to date. Counter-fraud staff should have a key role in advising senior managers of fraud prevention and detection measures e.g. assessing fraud risk, developing the annual audit plan of counter fraud work, communication/awareness raising 	<p>The Council have designated fraud investigators with clear responsibilities and clear lines of accountability. They report to the Chief Internal Auditor and are responsible for (but not limited to): -</p> <ul style="list-style-type: none"> Ensuring compliance with the CIPFA Code of Practice on managing the risk of fraud and corruption Proactively promote the aims of the Councils Anti-Fraud and corruption policy Developing and promoting the aims of the Councils anti-fraud and corruption policy Promote and anti-fraud culture across the Council Undertake an annual Fraud Risk Assessment to identify the areas of greatest risk and where resources should be targeted To ensure proper and reliable systems are in place to investigate all fraud referrals accepted for investigation to achieve sanctions and to minimise fraud and error. To co-ordinate the evaluation, distribution and monitoring of data matching exercises 	<p>Yes- The Council have a designated team in place to investigate fraud allegations. This helps to ensure that fraud prevention/ detection is more effective by enabling any concerns to be reported to the designated team.</p>

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	<p>campaigns, evaluating arrangements, as well as undertaking investigations of fraud</p> <p>Potential poor practice:</p> <ul style="list-style-type: none"> Staffing structures are unclear and subject to frequent change and lines of accountability are blurred 	<ul style="list-style-type: none"> To offer formal cautions and administrative penalties in lieu of prosecutions to persons who are alleged to have committed Council Tax Support Scheme fraud. To develop and continually review the Investigators' manual and all relevant policies e.g. Anti-Fraud and Corruption Policy, Anti-Fraud Strategy, Prosecution Policy, Codes of Conduct. Preparation and delivery of fraud awareness training and materials to staff across the Council with particular emphasis on areas of greatest fraud risk. To develop partnership working with other departments and organisations where appropriate e.g. the Police, Single Fraud Investigation Service, Trading Standards <p>There is good internal communication in relation to counter fraud evidenced by the reports taken to Audit Committee. (e.g. Corporate Fraud Annual Report & Corporate Fraud Action Plan). This sets the tone from the top, which promotes a clear message in terms of having a zero tolerance of fraud. The Anti-fraud and Corruption Policy also clearly sets out the roles and responsibility in relation to counter fraud.</p> <p>There are no designated operational senior managers responsible for ensuring that fraud risk is addressed, however cases of suspected fraud should be referred to the CFT. The CFT and Chief Internal Auditor are currently working with HR/ CMT to try and ensure that all allegations are reported to the CFT as some departments may undertake their own investigation without the involvement of the CFT, which sometimes leaves cases unrecorded on the CFT case management spreadsheet.</p>	
<p>2.4 Has investment in counter-fraud been assessed based on the proportionately to risks? i.e. were the numbers of resources derived from a risk assessment?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> There is evidence that an organisation's investment in counter-fraud is based on an informed decision derived from a fraud risk assessment which highlights the risks and then determines the resources needed to address these risks. The organisation has an annual counter fraud plan where the programme of work is balanced <p>Potential poor practice:</p> <ul style="list-style-type: none"> Resources assigned to counter-fraud are based on what organisations can afford and not what is actually risk assessed/ needed 	<p>Prior to 2015, the Council employed a Housing Benefits Investigations team made up of 8 staff who were responsible for the fraud investigation work in respect of Housing Benefits, CT benefit and CT support scheme. The team were funded by grant from the Department of Work and Pensions (DWP). However, from June 2015, the DWP assumed responsibility for the investigations for HB and CT benefit fraud under the newly formed Single Fraud Investigations Service (SFIS). The 8 staff employed by the Council were offered the opportunity to transfer to SFIS under a TUPE arrangement and the DWP funding to the Council ceased.</p> <p>The transfer of the staff created a significant risk that fraud relating to Council Tax Support Schemes would be left investigated. All non-benefit fraud was undertaken by the Internal Audit Section as a reactive piece of work and therefore a proposal was put forward that a Corporate Fraud Team (CFT) should be established to maintain capacity and expertise in fraud investigations.</p> <p>The Business case for the Counter Fraud Team (dated 06/11/2014) proposed that the team should be made up of 3 members of staff (Team leader and 2 investigators). The rationale behind the</p>	<p>The CFT were established on a risk assessment basis due to the previous fraud investigators being transferred via a TUPE agreement to DWP. A business case was put forward which set out the rationale for the need at the time to have 3 Counter fraud officers to be able to sufficiently manage current & emerging fraud risk. However, 1 officer has since left, and the two remaining investigators are responsible for the operational aspect of the counter fraud work.</p>

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		<p>proposal for setting up the CFT was derived from a risk assessment which set out the number of investigations carried out by the HB/CT fraud investigators in the 24 months prior to the SFIS development. It highlighted the potential enquiries that may arise and confirmed that the number of investigations undertaken in 2011-12 and 2012-13 was 784 and 621 respectively.</p> <p>Overall, the business case put forward justified the rationale for the staffing resources to be allocated to the newly formed CFT. Existing Audit staff have assisted Fraud Function staff as and when appropriate. Subject to available resources, this assistance will continue when needed. The caseload will continue to be monitored and if necessary, notwithstanding the overall resource constraints, the Section 151 Officer and Audit Committee will continue to give due regard to whether additional resource needs to be applied to the fraud function.</p> <p>The CFT develop an Annual Anti- Fraud Plan which covers the principles set out in the 'CIPFA Code of Practice on managing the risk of fraud and corruption'. This is signed by the Corporate Management Team and approved by the Audit Committee each year. The programme of work is balanced setting out the activity, detail and targeted outcomes.</p> <p>The Anti-fraud plan states that estimates published in the 'Annual Fraud Indicator 2017' and 'Fighting Fraud Locally– The Local Government Fraud and Corruption Strategy 2016-2019', and the CIPFA Fraud and Corruption Tracker Results 2018 suggest that fraud is committed in all organisations to varying degrees. Some areas that are considered to more at risk than others are:</p> <ul style="list-style-type: none"> • Council Tax Discounts • Council Tax Reduction • Grants • Housing Tenancy • Payments for Social Care • Procurement <p>Fraud Function resources are directed as appropriate and necessary throughout the year in response to the level of risk and investigation work required.</p>	
<p>2.5 Does the organisation have an annual programme of proactive counter-fraud work (i.e. fraud prevention work) which covers the risks identified in the risk assessment with ring fenced days for proactive work to be undertaken?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> • There is evidence that the organisation sets aside days in the work plan to dedicate to proactive counter-fraud work in an attempt reduce the likelihood of fraud happening e.g. dedicates resources raise the profile of the work within in the community and with other stakeholders e.g. leaflets, posters or undertaking proactive exercises in an attempt to detect cases of fraud that are not otherwise 	<p>The CFT have an Anti- Fraud plan in place which sets out the proactive work intended to be completed for the year, however majority of the work undertaken by the CFT is reactive. This is due to a lack of resource as stated in the Corporate Plan which also has an impact on the Councils Capacity to deal with the vast case load being referred to the team for assistance.</p> <p>There are no designated days that are ringfenced to undertake proactive fraud work, however there are 2 FTE's who are primarily responsible for dealing with all Fraud Allegations.</p>	<p>A plan setting out the proactive work intended to be completed by the Council is set out in the CFT anti-fraud plan. However, there are no ring-fenced days for proactive work to be undertaken given the limited resources much of the work completed is reactive.</p>

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	<p>identified e.g. a proactive tenancy exercise, Council Tax Reduction Scheme</p> <ul style="list-style-type: none"> Prevention of fraud is often the most efficient way to make savings so stopping fraud from happening should be an aim 		
2.6 Does the organisation have or have access to experienced and trained counter-fraud staff with professional accreditation to undertake fraud investigations and counter-fraud work?	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has or have access to competent, professionally trained and accredited counter fraud specialists to investigate suspected fraud. If this work is undertaken by Internal Audit teams those teams should be trained in this area <p>Potential poor practice:</p> <ul style="list-style-type: none"> Organisations use Internal Audit or other staff to undertake counter-fraud who have not had professional training 	<p>The Council have 2 Fraud Investigators who are professionally trained and Accredited Counter Fraud Specialists to investigate suspected fraud. The Accredited Counter Fraud Specialist programme is accredited by the Counter Fraud Professional Accreditation Board through the University of Portsmouth PINS (Professionalism in Security).</p> <p>The course contents are broken down into eight core modules, which are as follows:</p> <ul style="list-style-type: none"> (Pins 1): Legislation (Pins 2): Liaison, Intelligence Organisation and Planning (Pins 3): Directed Surveillance (Pins 4): Photographic and Video Evidence (Pins 5): Investigative Interviewing (Pins 6): Rules of Disclosure (Pins 7): Court Procedures (Pins 8): Conversation Management 	Yes- The fraud investigators have accredited qualifications which helps to make sure that fraud prevention and detection are effective.

3. Does the organisation have a sound policy framework to support effective counter-fraud arrangements?

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3.1 Does the organisation have a counter-fraud strategy in place to address identified risks which is communicated across the organisation and is overseen by those charged with governance?	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has an up to date counter-fraud strategy that sets out its approach to managing fraud risks and defines responsibilities for action The strategy has been communicated to staff and is readily available to all staff as a reference document An effective strategy includes both proactive and responsive approaches and highlights the use of joint working partnerships to manage risks where appropriate The strategy should be cross referred to other related policies i.e. code of conduct, whistleblowing and fraud response plan The strategy is reviewed regularly to take account of changes in the organisation and the changing fraud environment The strategy is scrutinised and signed off by the counter-fraud expert, 	<p>The Council have an Anti-Fraud Plan that is reported to the Audit Committee. The plan sets out both proactive and reactive work. The progress against the set plan is reported in the Corporate Fraud Annual Report and presented to the Audit Committee. The Anti-Fraud plan is reviewed and updated annually to consider changes in The Council and the changing fraud environment.</p> <p>The Annual Fraud Indicator 2017, Fighting Fraud Locally – The Local Government Fraud and Corruption Strategy 2016-2019 and the CIPFA Fraud and Corruption Tracker Results 2018 suggest that fraud is committed in all organisations to varying degrees. Areas of particular risk highlighted in the reports are: -</p> <ul style="list-style-type: none"> - Council Tax Discounts - Council Tax Reduction - Grants - Housing Tenancy - Payments for Social Care - Procurement <p>The Anti-Fraud Plan is based on the identified high-risk areas above. The CFT assume responsibility for investigating all fraud/</p>	The Council have a counter fraud strategy in place which is overseen by those charged with governance. However, it would be more effective to include fraud risk within the corporate risk register to ensure that the risk is highlighted and disseminated across the organisation.

	<p>management and Audit Committee/Board</p>	<p>corruption allegations. The Council prepare an Annual Anti-Fraud Statement which is communicated to those charged with governance. The Anti-Fraud Statement defines Corporate, Councillor, Manager, Employee, Contractor, Internal Audit & the General Public responsibilities in respect of fraud.</p> <p>Senior managers have access to the fraud action plan, but this is not readily publicised to operational staff. The anti-fraud action plan sets out both proactive and responsive approaches.</p> <p>Related policies such as the code of conduct, whistleblowing and fraud function plan refer to fraud and what you should do in response to the identification of fraud.</p> <p>The Anti-fraud action plan is signed off by chief internal auditor, corporate management team and audit committee.</p>	
<p>3.2 Does the organisation have a code of conduct which sets out clearly for employees and contractors which behaviours are acceptable and unacceptable and includes a section for reporting and addressing conflicts of interests?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> • There is a Code of Conduct in place which sets out standards expected by employees and contractors and highlights that unethical behaviours will lead to disciplinary action • Organisation policies and procedures support the counter-fraud strategy • All staff are required to sign up to the requirements of the Code. • Code of Conduct and related policies are regularly reviewed, communicated to employees and contractors, signed off by managements / audit committee and tested to ensure there are no gaps <p>Potential poor practice:</p> <ul style="list-style-type: none"> • Limited procedural guidance 	<p>The Council has in place a Code of Conduct which sets out standards expected by employees and contractors and highlights that unethical behaviour will lead to disciplinary action. Para 1.3 of the Code of Conduct states that "Failure to observe any provision of the Code of Conduct may render an employee liable to disciplinary measures and depending on the circumstances may be viewed as misconduct or gross misconduct under the Council's Disciplinary Policy."</p> <p>There is also referenced to reporting and addressing conflicts of interests, particularly for secondary employments, memberships and sponsorships.</p> <p>Whilst the scope of the policy applies to all staff, there is limited procedural guidance or reference to anti-fraud procedures. The only reference made to the Anti-Fraud and Corruption Policy within the Code of Conduct is within para 12.1 which relates to staff receiving any gift, loan, fee, reward or advantage corruptly.</p> <p>The latest version of the Code of Conduct is dated 29/11/2016 which reflected updates to the ICT acceptable use policy in para 10.13 and 15.8. The Council monitors the application of the policy and has discretion to review it at any time through the appropriate consultation mechanisms.</p> <p>Responsibility for the implementation, monitoring and development of the policy lies with the Head of Human Resources. Day to day operation of the policy is the responsibility of nominated officers who will ensure that this policy is adhered to.</p>	<p>Yes- the Code of Conduct sets out standards expected by employees and contractors, however there is a limited reference to anti-fraud procedures.</p>
<p>3.3 Does the organisation have whistle blowing arrangements in place that clearly signpost the mechanisms for reporting fraud to both staff and external parties?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> • An organisation has whistleblowing arrangements in place to ensure that staff and external parties have the confidence to raise concerns. 	<p>The Council have a Whistleblowing policy in place which applies to all employees other than those in educational establishments with delegated powers. The policy also applies to all contractors working for the Council on Council premises, for example, agency staff, builders and drivers. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example care homes.</p>	<p>Yes- The Council have a whistle blowing arrangements in place that clearly signposts the mechanisms for reporting fraud to both staff and external parties</p>

	<ul style="list-style-type: none"> The whistle blowing arrangements are monitored for take up to demonstrate that suspicions have been acted upon The whistleblowing policy sets out clear mechanisms to raise concerns confidentially about matters including fraud Contractors and third parties also have to sign up to these policies <p>The policy covers:</p> <ul style="list-style-type: none"> Clear process for raising concerns; Assurances about confidentiality; Clear procedures on how the concerns will be handled including how and with who staff, and external parties should raise concerns about fraud; Reassurance that the employees will not be victimised for raising concerns The policy is reviewed periodically to ensure continued effectiveness Numbers of disclosures (including zero activity) are reported to top management and/or an appropriate scrutiny committee 	<p>Section 9 of the policy sets out clear mechanisms to raise any concerns confidentially. Para 9.2 and 9.4 makes specific reference to cases of known or suspected fraud and how the allegation can be reported to the Corporate Fraud Team.</p> <p>The latest version of the Whistleblowing Policy is dated August 2016 which was revised due to changes in the Corporate Fraud Team. The Council monitors the application of the policy and has discretion to review it at any time through the appropriate consultation mechanisms.</p> <p>Responsibility for the implementation, monitoring and development of this policy lies with the Head of Human Resources. Day to day operation of the policy is the responsibility of nominated officers who will ensure that the policy is adhered to.</p> <p>The Whistleblowing policy covers: -</p> <ul style="list-style-type: none"> - Clear processes for raising concerns (Section 9) - Assurances about confidentiality (Section 7) - Clear procedures on how the concerns will be handled including how and with who staff should raise concerns about fraud (Section 9 & 11) - Reassurance that employees will not be victimised for raising concerns (Section 4) - The policy is reviewed periodically to ensure continued effectiveness (Section 13) 	
<p>3.4 Does the organisation undertake pre-employment screening by risk assessing posts and undertaking checks to minimise the risk of employing dishonest and unethical staff?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation undertakes pre-employment screening through various checks e.g. CRB to minimise the risk of employing dishonest and unethical staff 	<p>The Council require all new staff to provide 2 referee's which are obtained direct from the referee via email. The Council will not issue a start date until both references have been received and verified. The references will be reviewed to identify any issues relating to dishonest or unethical staff.</p> <p>Staff working with Children or Vulnerable Adults require a DBS check to be completed prior to employment. Any issues arising would require an addition pre employment interview to discuss the issues that have been highlighted as part of the DBS clearance process.</p> <p>All Social Workers and some Care workers are required to be registered with Social Care Wales. The Council have access to the Social Care register which would be checked as part of the pre-employment checks process.</p> <p>This confirms that the pre-employment screening is undertaken to minimise the risk of employing dishonest or unethical staff.</p>	<p>Yes- all new starters are required to have 2 suitable references and for those who will work with vulnerable people, a DBS check must be completed.</p>
<p>3.5 Does the organisation hold a register of interests ?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation establishes and maintains a register of interest which is updated regularly to indicate staff and members interest. 	<p>The Council establishes and maintains a register of interest which is updated regularly to indicate staff/ member interests.</p> <p>Discussions with the Head of Democratic Services has confirmed that Councillors have a duty under the Councillors Code of</p>	<p>Yes- The Council maintain a register of interest which helps with ensuring that fraud risk is detected by establishing whether there are any material interests which could lead to staff and others colluding.</p>

	<ul style="list-style-type: none"> The register is compared against schemes of delegation for approving expenditure 	<p>Conduct to make declarations within 28 days of any change in interests. The duty is solely on them as Councillors however, the Democratic services team send an email every two months to remind Councillors of their duty to declare any interest/ changes in circumstances.</p> <p>The declaration of interests have been viewed as part of the Final Accounts audit and no issues were identified. The declaration of interest form is taken from the Councillors Code of Conduct set by the Public Service Ombudsman.</p> <p>Officers declarations are governed in-house by the Council Procedure rules (Section 16.5) and the Officers Code of Conduct (Para 10.10).</p>	
<p>3.6 Does the organisation have an information security policy in place including cyber security?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> Related policies are reviewed annually/ periodically, communicated to employees and contractors/agents/consultants, signed off by managements / audit committee and tested to ensure there are no gaps Policies should be clear, practical, accessible, effectively implemented and enforced. Related policies covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), and consultants. 	<p>The Council have an ICT Security Policy in place which was last updated in June 2019. Section 2 of the policy sets out the key roles and responsibilities which covers all personnel. The Senior Information Risk Owner (SIRO) is responsible for information security within the Council and will act as a champion. The SIRO is the owner of the policy and will identify and manage any risks whether internal or external via the information risk register.</p> <p>The Data Protection Officer (DPO) is responsible for ensuring that all systems and controls are in place so The Council, including its managers and employees, comply with their obligations under the latest data protection legislation.</p> <p>The policy is clear setting out high-risk areas and associated procedures to be followed. The policy covers: -</p> <ul style="list-style-type: none"> - Physical and environmental security - Network and desktop security - Information assets - Mobile and agile assets - Cyber Security - Clear screen and desk initiative - Email encryption - Cloud storage - Reporting breaches of data - Related ICT policies such as the non-disclosure agreement and network access protocol. <p>Whilst the ICT Security Policy is thorough, no reference is made to suspected fraud and associated fraud allegation procedures. Therefore, the ICT Security policy is ineffective in supporting counter fraud arrangements.</p>	<p>Yes- The Council have a thorough information security policy in place which also covers cyber security. This helps to make fraud prevention more effective by implementing internal controls to prevent unauthorised access to systems.</p>
<p>3.7 Does the organisation have an anti-bribery and corruption policy in place which includes due diligence arrangements?</p>		<p>The Anti-Fraud and Corruption policy (last updated in December 2016) makes reference to Bribery, setting out behaviour that is unacceptable including accepting, requesting or offering financial or other reward from any person in return for providing some favour.</p>	<p>Yes- The Council have an anti- fraud policy in place which covers bribery.</p>

		<p>Para 5.3 of the policy states that the Council aim to demonstrate it has adequate procedures by addressing due diligence procedures.</p> <p>The policy applies to all Councillors and to all employees, except those based in Educational establishments with delegated powers. Members of the public are also encouraged to report concerns by means of the Council's Complaints Procedure and / or the Corporate Fraud Team (CFT).</p> <p>The Council monitors the application of the policy and has discretion to review it at any time through the appropriate consultation mechanisms.</p> <p>Responsibility for the implementation, monitoring and development of the policy lies with the Head of Human Resources. Day to day operation of the policy is the responsibility of nominated officers who will ensure that this policy is adhered to.</p>	
<p>3.8 Does the organisation maintain a register of gifts and hospitality and are staff made aware of the need to register any gifts and hospitality received?</p>		<p>All Councillors must complete and regularly review their Register of gifts and hospitality on an Annual Basis.</p> <p>Council Procedure Rule 16.4 of the Council Constitution places a personal duty upon Councillors to declare any gift or hospitality of more than £25 in value that a Councillor has received either for him/herself or for the Authority within 28 days. Failure to do so, is treated as a breach and can be reported to the Public Services Ombudsman for Wales.</p> <p>Gifts / Hospitality received include Tickets received from the Authority i.e. for the Liberty Stadium, Grand Theatre, Fireworks Display, Big Weekend etc.</p>	<p>Yes- The Head of Democratic services maintains a register of gifts and sends regular reminder emails to senior officers/ councillors of their duty to report any gifts above £25 within 28 days of receipt.</p>

4. Does the organisation undertake an effective fraud risk assessment together with appropriate responses to emerging issues?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
<p>4.1 Does the organisation undertake a regular and comprehensive fraud risk assessment which is shared and discussed with the Board/Senior Management Team/Audit Committee?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has carried out a thorough risk assessment in the last two years to provide an honest appraisal of risk and resources needed to tackle the risks identified The assessment of risk is based on known fraud risks, benchmarking and internal brainstorming The fraud risk assessment is reviewed by Audit Committee/ SLT <p>Potential poor practice: Assessments either not carried out at all or they are prepared but have the following pitfalls;</p> <ul style="list-style-type: none"> Risks identified are too generic so actions to mitigate the risks cannot be formulated Not using an expert Assessments viewed as a one off event and not updated annually Information and data hard to interpret and understand Results not acted upon Too many risk assessments being performed on a piecemeal basis and not linked in/joined up/communicated 	<p>The CFT perform regular and comprehensive fraud risk assessments and this is reflected within the Counter Fraud Action Plan which is reported to the Audit Committee. However, fraud risk is not assessed on a Senior Management Level as part of the Corporate Risk Register.</p> <p>Nevertheless, the Senior Management Team provide 'Senior Management Assurance Statements that is used as the basis for preparing the Annual Governance Statement which covers Fraud and Financial Impropriety. This provides assurance on the following: -</p> <ul style="list-style-type: none"> - Level of robust controls in place to prevent and promptly detect fraud, bribery and corruption - Whether all frauds and suspected financial irregularities are referred to the Head of Finance, Internal Audit and CFT in accordance with Financial Procedure Rule 12. 	<p>The CFT perform regular and comprehensive fraud risk assessments and this is reflected within the Counter Fraud Action Plan which is reported to the Audit Committee. However, fraud risk is not assessed on a Senior Management Level as part of the Corporate Risk Register.</p>
<p>4.2 Does the organisation consider fraud risk as part of the overall risk management process?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation considers and identifies fraud risks. This is could be done through fraud risk workshops, self-assessments or external fraud review The risk of fraud features in department/ corporate risk registers A fraud matrix is used to assess whether the risk is high medium or low. The level of risk often determines the level of intervention needed to mitigate the risks There is good linkage between corporate and departmental risk registers There is regular updating to risk registers to reflect current issues Prevention of fraud features prominently within the organisations risk management framework <p>Potential poor practice:</p> <ul style="list-style-type: none"> There is no organisation wide risk management system Fraud risks do not feature as part of the risk management process 	<p>The Council have not included fraud risk within the Corporate Risk Register which is overseen by the Senior Management Team and therefore have not considered Fraud risk as part of the overall risk management process.</p>	<p>No- Fraud risk is not included within the Corporate Risk Register and therefore excluded from the central risk management process.</p>
<p>4.3 Does the organisation consider fraud risk at the</p>	<p>Expected good practice:</p>	<p>All Contract Procedure rules, Financial Procedure Rules and Accounting Instructions ensure that fraud risk is considered at the</p>	<p>Yes- Fraud risk is considered at the system design stage of new policies. The Chief Internal Auditor has the opportunity to provide comments on any</p>

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
system design stage in order to 'fraud proof' policies and systems?	<ul style="list-style-type: none"> The organisation has considered fraud risk for all its systems and has looked at how to prevent and detect fraud in the system and has 'fraud proofed' its procedures in key areas e.g procurement, payroll, creditors. Counter-fraud/internal audit staff are consulted to fraud proof new policies, strategies and initiatives across departments 	<p>system design stage via checks and balances, dual authorisations, system access controls, password protection.</p> <p>When policies are reviewed, The Chief Internal Auditor is consulted to provide input to ensure that the risk of fraud is accurately reflected in the policies.</p>	updates made to policies where fraud risk/ internal controls are also assessed.

5. Does the organisations internal control environment support effective arrangements for preventing and detecting fraud?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
5.1 Has the organisation's internal controls been designed and tested to address identified fraud risks and help prevent fraud occurring?	<p>Expected good practice:</p> <ul style="list-style-type: none"> There should be controls in place to prevent fraudsters from assessing systems and prevent losses. It is more cost efficient to prevent losses rather than suffer the losses after the event The Annual Governance Statement should provide assurances from management over the effectiveness of the system of internal controls in mitigating fraud risks 	<p>The Councils internal Audit team regularly review/ test internal controls and provide recommendations for improvement when there are any failures in controls that have been identified.</p> <p>The Council had various external company reviews to provide assurance on systems/controls which help to prevent fraud occurring: -</p> <p>1) Cyber Essentials Plus Assessment Report</p> <p>Assessed by Gaia Technologies Plc dated 29/05/2019 which is the audited version of the Cyber Essentials Information security standard. Cyber Essentials requires organisations to have several technical and procedural controls in place to improve their information security in order to mitigate common internet-borne cyber-attacks. The assessor concluded that the Council passed the required tests and were awarded the Cyber Essentials Plus Certification.</p> <p>The testing undertaken included the following:</p> <ul style="list-style-type: none"> - Test 1 Remote vulnerability patching - Test 2 Review of device patching - Test 3 Review of malware protection - Test 4 Review of protection against malware sent by email - Test 5 Review of protection against malware delivered through a website. <p>2) Public Services Network (PSN)</p> <p>This Public Services Network (PSN) connection compliance certificate was issued on 17/04/2019 which shows that The Council successfully demonstrated that the infrastructure is sufficiently secure to enable connection to the PSN.</p>	<p>Yes- the internal audit team undertake annual fundamental audits of internal controls which have been designed/ tested to prevent fraud from occurring.</p> <p>The Council also have accredited certifications from external companies to provide assurance over the cyber security control environment.</p>

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
5.2 Does internal audit look at fraud risks and test controls designed to prevent and detect fraud as part of its annual programme of work?	<p>Expected good practice:</p> <ul style="list-style-type: none"> • There is a specific reference to fraud risk in the internal audit work programme. • Internal audit look specifically at fraud risks when they review the policies, procedures and internal controls. • The internal audit plan is risk based and known risks are taken into account in scoping audit programmes • All key systems are covered on a rolling basis • There is a well-planned local programme of counter-fraud work 	<p>There is no specific reference to fraud risk in the internal audit work programme. The Internal Audit team look to identify weaknesses in control that could lead to a fraud occurring.</p>	<p>Internal audit review and test internal controls, however there is no specific reference to fraud risk detection in the internal audit work programme.</p>
5.3 Does the organisation act on recommendations to strengthen controls if internal controls are found to be not operating as well as intended and learn lessons from fraud incidents?	<p>Expected good practice:</p> <ul style="list-style-type: none"> • There is a track record of action being taken quickly if internal controls are found not to be performing as well as intended. For example, by internal audit, external audit, NFI • Where a fraud has occurred, there is evidence of post event learning where an organisation looks at how the fraud occurred and possible trends in order to learn from this and minimise future incidents. <p>Potential poor practice:</p> <ul style="list-style-type: none"> • Recurring audit recommendations • There is no evidence that an organisations learns lessons from frauds that occur 	<p>Internal Audit maintain a Fundamental Audits Recommendations Tracker which provides a summary of the recommendations made and identifies whether the agreed recommendations have been implemented. This tracker is taken to Audit Committee quarterly for review and discussion of progress made against recommendations made.</p> <p>Fundamental Audits are undertaken by the Internal Audit Team annually. They review systems that are fundamental to the achievement of the Councils objectives and these are listed below: -</p> <ul style="list-style-type: none"> • Main Accounting System • Fixed Assets • Housing and Council Tax Benefit • Council Tax • NNDR • Cash • Accounts Payable • Accounts Receivable • External Investments and Borrowing • Pension Fund Investments • Employee Services (Payroll) • Pensions Administration • Teachers Pensions • Housing Rents <p>In 2018/19 46 recommendations were made, of which 74% had been implemented by 30/09/19 when it was reported to the Audit Committee.</p> <p>Any recommendations that are not/ partly implemented are followed up with an agreed action plan and implementation date with a dedicated Council officer.</p> <p>Whilst the recommendations tracker helps to ensure that internal controls are strengthened, they are not necessarily in relation to fraud incidents identified. The fundamental audits are undertaken</p>	<p>Yes- all recommendations are monitored and tracked to ensure that they have been implemented.</p>

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
		on systems to ensure that CPR are being implemented at a high level. The CFT maintain a register of fraud incidents and use this register to perform a risk assessment when preparing their annual fraud action plan.	
5.4 Does the organisation regularly use data analysis/matching (outside NFI) to validate data and detect potentially fraudulent activity?	<p>Expected good practice:</p> <ul style="list-style-type: none"> Organisations undertake data matching which involves comparing sets of data within or across organisations in order to highlight inconsistencies which can be used to help prevent and detect fraud <p>(NB: NFI will be picked by the study team so auditors are asked to capture other arrangements outside of NFI)</p>	The Benefits Team use Data tank which is a database used to identify duplicates in single persons discounts which helps to detect potentially fraudulent activity. However, the CFT or other teams do not use any other forms of data analysis/ matching outside the NFI to identify inconsistencies to help detect fraudulent activity.	The Benefits team use Data Tank to establish any fraud risk in single persons discount, however no other data analysis/ matching exercise is used.
5.5 Are weaknesses revealed by instances of proven fraud and corruption scrutinised carefully and fed back to departments/teams to fraud proof systems?	<p>Expected good practice:</p> <ul style="list-style-type: none"> Where cases of fraud have been identified the weaknesses behind these frauds and have been scrutinised and fed back to departments to fraud proof systems 	Where fraudulent activity is identified it is usually the case that staff are not adhering to already known controls and protocol. In these instances, staff are reminded of the expected adherence when necessary.	Yes- weaknesses revealed by instances of proven fraud are fed back to teams and recommendations for improvement will be raised and tracked for implementation.

6. Does the organisation have an appropriate response to fraud?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
<p>6.1 Does the organisation have an appropriate fraud response plan that is communicated to all staff which makes clear that all allegations of fraud will be investigated?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has a Fraud Response Plan which provides direction to staff, third parties and members of the public who wish to raise their concerns about suspected fraud and gives a framework to follow in responding to allegations of fraud <p>The fraud Response plan includes the following areas:</p> <ul style="list-style-type: none"> outlines the entire fraud investigation process clearly defines the roles and responsibilities of senior management and others involved in the investigation process; outlines procedures for securing evidence and undertaking interviews; sets out arrangements for dealing with staff under suspicion; includes arrangements for when, and how, to contact the police; commit to pursuing the full range of sanctions – disciplinary, regulatory, civil and criminal; makes clear that recovery action will be taken in relation to all fraud losses; clarifies how lessons learned from frauds will be used to strengthen controls to prevent recurrence <p>The plan should be communicated to staff so that all are aware of the process that should be followed</p>	<p>There is no specific fraud response plan in place at Swansea Council. Section 6 of the Anti-Fraud and Corruption Policy makes reference to how the Council will respond to a fraud allegation. However, there is no specific outline of the entire fraud investigation process, clearly defined responsibilities of senior management involved in the investigation process, outline procedures for securing evidence/ undertaking interview, clarification of how lessons learned from frauds will be used to strengthen controls to prevent recurrence etc.</p> <p>Discussions with the CFT confirmed that each fraud allegation is dealt with on a case by case basis. Due to the varied nature of each allegation there is no specific outline policy that is available to staff/ members.</p> <p>There are numerous online reporting tools which states that the information provided will be treated with strict confidence. The Council commit to evaluating the information and to take appropriate action as necessary. The Council website also states that they are unable to provide updates on individual cases due to a potential breach of the General Data Protection Regulations 2018.</p>	<p>No- there is no specific fraud response plan in place at Swansea Council. Section 6 of the Anti-Fraud and Corruption Policy refers to how the Council will respond to a fraud allegation.</p>
<p>6.2 Does the organisation take action to ensure that allegations of fraud, including anonymous allegations are assessed in line with the fraud response plan?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation monitors that allegations are actually assessed in line with the plan 	<p>The Council have an Anti-Fraud Plan in place which sets out the proactive work they intend to complete, however there is no specific policy in place which sets out the fraud response plan to allegations raised.</p>	<p>All fraud allegations will be investigated, however there is no set policy in place about how the investigation will take place.</p>
<p>6.3 Does the organisation have documented procedures in place for conducting fraud investigations which follow proper professional practice?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation has procedures in place for fraud investigations detailing the processes that should be followed The organisation has a clear criteria to determine those cases that should be investigated There are procedures setting out when and how to involve the police 	<p>The Council have not got documented procedures in place for conducting fraud investigations.</p> <p>The Corporate Fraud Team assess each fraud allegation on a case by case basis. The cases are risk assessed and prioritised accordingly.</p>	<p>No- The Council have no documented procedures in place for conducting fraud investigations which follow proper professional practice.</p>
<p>6.4 Does the organisation effectively investigate</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> Investigations should follow the agreed procedures 	<p>The Council have not got documented procedures in place for conducting fraud investigations. The Anti-Fraud and Corruption</p>	<p>No- The Council have no documented procedures in place for conducting fraud investigations which follow proper professional practice.</p>

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
allegations of fraud in line with their procedures?	<ul style="list-style-type: none"> The investigation is undertaken by trained/qualified staff Investigations are carried out in accordance with the fraud response plan Investigations are undertaken in a timely manner 	<p>Policy states that all cases will be investigated, however it does not set out how the investigation will be conducted.</p> <p>The Corporate Fraud Team assess each fraud allegation on a case by case basis.</p>	
6.5 In responding to proven fraud, does the organisation consider the full range of possible sanctions e.g. disciplinary, regulatory, civil and criminal?	<p>Expected good practice: Having a range of options which allows for an appropriate response when determining which sanctions to apply e.g.</p> <ul style="list-style-type: none"> Disciplinary sanctions - when breaches of employment have occurred Regulatory sanctions - when an offender is a person who falls under a professional regulator Civil Sanctions- where recovery of losses can be applied Criminal Sanctions - where there is prosecution 	<p>The Council's Anti-Fraud and Corruption Policy states that The Council will deal swiftly and thoroughly with any employee who attempts to defraud the Council or who is corrupt. The Council will be robust in dealing with financial malpractice. In all cases where financial loss has been suffered by the Council, it will seek to recover such losses.</p> <p>The Corporate Fraud Annual Report 2018-19 confirmed that although there was a decrease in the number of cases investigated in 2018/19, the number of sanction outcomes increased. 8 cases were referred to the Crown Prosecution Service with 5 being prosecuted (2 cases in 17/18) and 4 Administrative Penalties in lieu of prosecution were offered and accepted (2 in 17/18). The value of overpayments realised decreased to £203,019.69 from £290,685.17 in 17/18, but that is reflective of the decrease in cases investigated.</p>	Yes- The full range of possible sanctions will be considered when responding to fraud, which helps to ensure that fraud prevention arrangements are effective.
6.6 Does the organisation seek redress including recovery of assets and money where possible?	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation applies sanctions in response to fraud and seek recovery of losses to help send out a message and act as a deterrent 	Yes- see comments in question 6.5	Yes- The Council seek redress including recovery of assets and money where possible
6.7 Does the organisation have an appropriate case management system to record and monitor the progress of potential fraud cases?	<p>Expected good practice: The system enables relevant information to be included for reporting purposes such as:</p> <ul style="list-style-type: none"> how the fraud occurred how the fraud was discovered the case progress the outcome of the investigation the cost or adverse impact upon the organisation the details of any police involvement the status of cases passed other agencies summary of sanctions and losses recovered actions taken to improve the control environment <p>The system is only accessed/amended by authorised individuals</p>	<p>The Council maintain an internal case management spreadsheet to record/ monitor the progress of any fraud allegations.</p> <p>The system enables relevant information to be included for reporting purposes and form the basis for preparing the Corporate Fraud Annual report (Appendix 1- Overview of activities for 2018-19) which is reported to the Audit Committee annually.</p> <p>The spreadsheet is password protected and can only be accessed by authorised personnel. (i.e. CFT and Chief Internal Auditor)</p>	Yes- the Council maintain an internal spreadsheet to record/ monitor the progress of any fraud allegations. The system enables relevant information to be included for reporting purposes and form the basis for preparing the Corporate Fraud Annual report
6.8 Does the organisation collaborate externally and work with others to tackle fraud i.e. do they work with national, regional and local	<p>Expected good practice:</p> <ul style="list-style-type: none"> The organisation actively seeks to break down the barriers to collaboration and information sharing and has examples of joint working to identify common threats 	<p>The Council currently have joint working arrangements with DWP, South Wales Police and Trading Standards.</p> <p>There is evidence to suggest that the Council actively seek to break down the barriers to collaboration and information sharing</p>	Yes- The Council work with DWP, South Wales Police and trading standards. This helps to reduce fraud occurring by enabling collaborative work to share knowledge and expertise.

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
<p>partnerships and networks to ensure that they know about current fraud risks and issues, can share knowledge and data and have access to wider intelligence and tools?</p>	<p>and pool knowledge and expertise to tackle fraud and share good practice both internally and externally</p> <ul style="list-style-type: none"> • The organisation has protocols in place to facilitate joint working and intelligence sharing with outside bodies e.g. memorandum of understanding setting out arrangements in place for sharing data • The organisation seeks out opportunities to share resources work across boundaries and share skills • The organisation shares good practice or problem areas in relation to counter-fraud to promote learning within the sector and cross sectors • There is evidence that the organisation applies the learning through collaboration to help inform risk assessments <p>Potential poor practice:</p> <ul style="list-style-type: none"> • Organisations do not collaborate with external organisations in the fight against fraud and hence do not have a way to share good practice or risk areas in order to promote learning and gain efficiencies. • No formalised arrangements just sporadic <p>(NB: NFI will be picked by the study team so auditors are asked to document the examples of external collaboration outside of NFI)</p>	<p>with examples of joint working to identify common threats and pool knowledge/ expertise to tackle fraud and share good practice internally or externally. This is evidenced by The Councils association/ information sharing with the following:</p> <ul style="list-style-type: none"> - Members of NAFN (National Anti-Fraud Network) - Members of TFF (Tenancy Fraud Forum). - Members of the Wales Fraud Officers Group. - Members of the Local Organised Crime Board - Members of the Wales Fraud Forum - Participation in NFI (National Fraud Initiative). - Has links to CIPFA (Chartered Institute of Public Finance & Accountancy). - Dialogue with the WAO (Wales Audit Office). - Attendance at the Welsh Chief Auditors Group. <p>Due to concerns raised mainly by Local Authorities (LA's) regarding potential loss of local knowledge, reduced information sharing, and Council tax Reduction (CTR) offences either not being investigated, or LA's undertaking a separate investigation alongside SFIS investigations, the Government introduced a joint working pilot. Swansea Council were the sole Welsh Authority to take part in that pilot which ran from November 2015 to May 2017.</p> <p>On completion of the pilot, the Government concluded that joint working "Protects the integrity of the Welfare Benefit, Tax Credits, and Local Government systems" and therefore the National roll-out commenced 28th April 2019. Swansea is one of 9 of the 22 Welsh Authorities currently undertaking joint investigations with the DWP.</p> <p>The CFT played a senior command and intelligence role with South Wales Police in relation to Operation Timmea, an investigation into a series of serious and aggravated burglaries in South Wales and beyond. During 2018-19, the CFT Handled 435 requests for information from a raft of other government agencies.</p> <p>During 2018/19 the team has continued to develop its role in inter-agency working and data exchange. Staff have attended regular meetings and shaped the development of the Local Authority Welsh Anti-Fraud Officers group e.g. Uniformity in employee investigations.</p> <p>Staff have also attended regular inter agency meetings with other government agencies tackling organised crime and hosted a meeting of the multi-agency Local Organised Crime Board.</p>	

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
6.9 Does the organisation have access (through partnership/other organisations/or funds to buy in) to specialist fraud investigation teams e.g. Surveillance, Computer forensics, Asset recovery, Financial investigations?	<p>Expected good practice:</p> <ul style="list-style-type: none"> Organisation has access to specialist resources that they can call on to assist them in certain cases 	<p>CFT undertake internal surveillance. In cases where further resources are needed then the team would receive assistance from other internal investigation teams. Trading standards have two accredited financial investigators who assist with POCA investigations which includes asset recovery.</p> <p>The CFT buy in computer forensic expertise where necessary.</p>	N/A- The Council have designated Counter Fraud investigators, however where necessary the designated officers will use external resources where necessary specifically for forensic expertise where necessary.

7. Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
7.1 Does the organisation keep a record of fraud losses and recoveries?	<p>Expected good practice:</p> <ul style="list-style-type: none"> Organisation maintains a log/register/database/spreadsheet of potential losses in order to understand the scope of the challenge and measure performance Organisation has an agreed methodology to ensure that losses from fraud can be estimated on a consistent basis and support a more accurate risk assessment Organisation shares this information internally and externally to aid comparison Organisations have set objectives and targets for counter-fraud work and monitor performance <p>consider whether the organisation has a view of what good performance is in relation to counter -fraud i.e. do they consider that it is lots of fraud cases being identified, or do they consider it to be no frauds found)</p>	<p>The Council maintain an internal case management spreadsheet to record/ monitor the progress of any fraud allegations. The spreadsheet is password protected and can only be accessed by authorised personnel. (i.e. CFT and Chief Internal Auditor)</p> <p>The system enables relevant information to be included for reporting purposes and forms the basis for preparing the Corporate Fraud Annual report (Appendix 1- Overview of activities for 2018-19) which is reported to the Audit Committee annually.</p> <p>Losses from fraud are only recognised based on actual savings/ recoveries made. The Council actively do not estimate losses caused from fraud due to the subjective nature of the estimates being used. The Council base their risk assessment of fraud on published fraud risk studies and areas where fraud had been identified in prior years.</p> <p>The Council set out their objectives in the Anti-Fraud Plan and report their performance against the set objective in the Corporate Fraud Annual report. This information is shared with the audit committee and is available internally and externally as it is published on the Council's website.</p>	The Council maintain an internal case management spreadsheet to record/ monitor the progress of any fraud allegations. The system enables relevant information to be included for reporting purposes and forms the basis for preparing the Corporate Fraud Annual report (Appendix 1- Overview of activities for 2018-19) which is reported to the Audit Committee annually.
7.2 Does the organisation's Audit Committee take a proactive role with respect to fraud prevention and take an active role in promoting an effective counter-fraud culture?	<p>Expected good practice:</p> <p>The Audit Committee;</p> <ul style="list-style-type: none"> Takes an active role and promotes counter-fraud and understands the organisations control environment and risks including fraud risks 	The Audit Committee scrutinise and approve the Anti-Fraud Plan and are required to take a proactive role in counter fraud as per their terms of reference. However, the Audit Committee do not actively promote an anti-fraud culture, they review the work already completed by the CFT.	The Audit Committee oversee the work of the CFT, however it would be more effective for the committee to take a proactive role in promoting an anti-fraud culture rather than review the work already completed by the team. This will help reaffirm the strong anti-fraud culture at Senior Management Level.

Questions	Prompts to auditors to identify good practice and potential poor practice	Auditor comments and links to supporting evidence	Conclusion
	<ul style="list-style-type: none"> • Understands the role of those charged with governance in relation to managing risk • Is familiar with the policies and procedures relating to fraud risk • Critically review and challenge the framework for managing risk • Scrutinise and approve the fraud risk assessment, annual counter-fraud plan and other policies and procedures relating to fraud risk 	<p>Annual Fraud Awareness training is delivered to the Audit Committee by the CFT. The aims were:</p> <ul style="list-style-type: none"> - To clarify the Council's obligations to tackle fraud. - To highlight the principles of good fraud risk management. - To underline the Council's arrangements for tackling fraud. <p>The Audit Committee are not presented with the policies relating to fraud risk, however they critically review/ challenge the anti-fraud plan to help manage risk.</p>	
<p>7.3 Does the organisation provide an appropriate level of information to an Audit Committee to enable it to discharge its duties in relation to counter-fraud?</p>	<p>Expected good practice: Does the organisation provide a report to the Audit Committee on fraud caseload and progress on a regular basis indicating?</p> <ul style="list-style-type: none"> • a summary of all fraud cases in the year (number, type of fraud and value); • how the frauds occurred (e.g. absence of controls, failure to apply controls); • how the frauds were discovered (e.g. whistleblowing, normal operation of controls, internal audit); • the outcomes of internal investigations; • the status of cases passed to external agencies for investigation; • a summary of sanctions imposed, and losses recovered; • changes made to internal control systems to prevent recurrence. <p>Potential poor practice:</p> <ul style="list-style-type: none"> • Information provided to Audit Committee is: Ad hoc, contains information which is incomplete, difficult to understand, misleading, lack commentary 	<p>The Corporate Fraud Annual Report provides a 12-month summary of the activities of the Fraud Function and reviews achievements compared to target outcomes contained in the Fraud Function Anti-Fraud Plan.</p> <p>Appendix 1 of the Annual Report provides an overview of the activities, the number of cases, their status and the outcome of the investigation.</p>	<p>Yes- Sufficient information including the Fraud action plan and annual report are provided to the Audit Committee for review to enable them to discharge their responsibilities. However, the Audit Committee should take a more proactive role in helping to promote a good anti-fraud culture.</p>
<p>7.4 Is the work of the counter-fraud team challenged and reviewed by Management/ Audit Committee?</p>	<p>Expected good practice:</p> <ul style="list-style-type: none"> • The work of the counter-fraud team should be subject to review to ensure it is performed in line with requirements/quality standards 	<p>The work of the CFT is challenged by the Corporate Management Team and Audit Committee.</p> <p>The Audit Committee receive a report that sets out the planned areas of activity for the Internal Audit Section's Fraud Function and it is designed to provide a strategic view of the areas that will be subject to examination. The committee review, discuss and approve the Anti- Fraud plan set out within the appendix to the report.</p>	<p>Yes- the work of the CFT is regularly challenged by the Audit Committee and Senior Management approve their plans prior to them being presented at Audit Committee.</p>