

Counter-Fraud, Corruption and Bribery Update	
Executive Summary	<p>This counter-fraud update report informs on the Council's arrangements in the fight against fraud and corruption and recent work undertaken to identify how we are addressing and mitigating risk.</p> <p>The Governance Risk and Audit Committee ("GRAC") is informed of the Council's recent incidences of potential fraud and mitigation applied; of a counter fraud checklist and resulting action plan.</p>
Options considered	<p>Whilst this report is intended for general note, GRAC may wish to consider or further review the checklist and risk/mitigation measures.</p>
Consultation	<p>In preparing this report, managers whose area of work presents a higher risk of fraud have been liaised with. These officers have fed into the 'fighting fraud checklist' and have provided information about incidences of potential fraud in the last 12 months. Additionally, there has been consultation with the Chief Financial Officer ("s.151 officer"); Internal Audit Manager, the Council's Management Team, the Corporate Leadership Team ("CLT") and all key officers at the Council whose role is detailed on the attached checklist.</p>
Recommendations	<ol style="list-style-type: none"> 1. To note the update report 2. To review and note the checklist 3. To review and note the action plan 4. To note the fraud assessment update which includes incidences of potential fraud
Reasons for recommendations	<p>To deliver the corporate action plan aims with regard to cost versus risk considerations and with a view to keep our establishment at reasonable and affordable levels whilst addressing the risk of fraud.</p>
Background papers	<p>Appendix A – Fighting Fraud and Corruption Locally -Checklist. Appendix B – Action Plan ensuing from checklist Appendix C – Last Year's Fraud Risk Assessment (2022/23) Appendix D – Corporate Anti-Fraud Action Plan Appendix E – Table considering risk areas identified in the 2022/23 Fraud Risk Assessment, and incidences of potential Fraud at NNDC</p>
Links to key documents	<p>FFCL - Strategy for the 2020's.pdf (cifas.org.uk) Tackling fraud and corruption against government (nao.org.uk)</p>
Wards affected	All
Cabinet Members	Cllr Shires
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Corporate Plan:	Financial Sustainability and Growth
Medium Term Financial Strategy (MTFS)	Proposals not linked to the MTFS
Council Policies & Strategies	Counter Fraud, Corruption and Bribery Policy 2022 Counter Fraud, Corruption and Bribery Strategy

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	<p>Exempt paper - Appendix E(i)</p> <p>For the following reason</p> <p>Information in Appendix E(i) involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972. These paragraphs relate to:</p> <ol style="list-style-type: none"> 1. information relating to an individual; 2. information which is likely to reveal the identity of an individual; and 3. information relating to the financial or business affairs of any particular person (including the authority holding that information). <p>The public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:</p> <p>Paragraphs 1 & 2: Some incidents detailed in Appendix E(i) relate to one or few individuals whose data protection rights outweigh the public interest in disclosure.</p> <p>Paragraph 3: There are details and amounts of incidences of loss or potential loss in Appendix E(i), as well as detailed information as to how the Council is addressing this. To provide this information to the public may compromise the Council in its aim in protecting its funds for the benefit of the District.</p>
Details of any previous decision(s) on this matter	This is an update report

1. Introduction

- 1.1 In March 2022, the Council received a limited assurance rating for internal audit NN2204 – Counter Fraud and Corruption (as did other councils within the consortium). Recommendations were made which are either now implemented, or for ongoing review. In the latter category is a recommendation to assess the resources required to respond to fraud risks, noting that the

Council does not have any dedicated counter fraud officers. The Corporate Leadership Team (CLT) considered the resource question at the time, following recommendations from internal audit. It was viewed that the cost of a dedicated post would not be judicious spending by the Council with reference to our low levels of fraud. However, it was left that it would remain under review.

- 1.2 The Council has a Corporate Anti-Fraud Awareness Action Plan (**Appendix D**) which contains three principal aims with actions and outcomes. These aim to measure exposure to fraud risk and address those risks; to complete a fraud assessment and to undertake checks on areas at risk of fraud.
- 1.3 A Fraud Risk Assessment 2022/23 (**Appendix C**) was undertaken last year. It highlighted areas of risk (Red/Amber/Green - RAG rated), controls required and mitigation steps. This assessment has been considered and an update prepared for GRAC (**Appendix E(i)**) as to potential fraudulent activity against the Council, or relevant incidents, occurring within the last 12 months. It also looks at how those incidences have been addressed and what additional controls or mitigation have been applied.

2. Issues for Consideration

Internal Audit Recommendations and actions – update

- 2.1 The internal audit report made recommendations, the last of which have now been put in place and are related to counter-fraud training and awareness. Although counter fraud training was recommended for officers only, and especially those who work in areas where fraud is a risk, it is being delivered as mandatory training for all staff and is accessible to all Members. It is considered that this will raise awareness more widely across the Council. Staff in roles which are more prone to fraud attempts are to have additional and more specialised training. This includes anti-fraud training for the Benefits and Customer Service teams being delivered by the Department for Work and Pensions (DWP) Fraud Team.
- 2.2 The Revenues Team has joined with other Norfolk authorities to use the National Fraud Initiative (“NFI”) Fraud hub scheme at local level to receive and share information to prevent/ address risk of fraud. A link, via the intranet, has been added to the Local Government Association (LGA) counter fraud hub so all staff can access further tools and resources. The Council is a member of the National Anti-Fraud Network (NAFN).
- 2.3 Further, this audit identified that the Council may face a risk as there were no dedicated counter fraud officers and no assessment of resources to deliver counter fraud work. Ideally, if cost were no issue, a dedicated full time fraud officer would give best protection as such could dedicate time to addressing risk and conducting investigations, providing a deterrent to those looking to commit acts of fraud against the Council. As cost is an issue, and having low incidences of fraud and financial loss, Senior Management considered and shared, at that time, that expenditure on a dedicated resource was not considered proportionate to the risk, but that it would be kept under review. In order to consider this issue further, a checklist of our anti-fraud processes has been made as well as an assessment of potentially fraud related incidents in the last 12 months (**Appendix E**). Having reviewed this information, the Management view remains that having a dedicated counter fraud officer is not proportionate to the risk and so would not consider it to be a reasonable expenditure. However, this is to continue to be kept under review, but presently the tasks are incorporated into the current establishment (but with additional relevant training where necessary).

The Checklist

- 2.4 The publication “Fighting Fraud and Corruption Locally” [2020] is a counter fraud and corruption strategy document for local government. It contains a checklist to assist councils with governance of

their arrangements.

- 2.5 This checklist has recently been completed (**Appendix A**) with the assistance of others, particularly those whose department is at high risk from fraudulent activity. The checklist sets out requirements for the Council generally, but some are also directed specifically at the Council's Chief Statutory Officers and Members who have a specific role in this area, including Members of GRAC. Accordingly this checklist, now completed, has been shared with CLT for review and is for the Committee's consideration. Where gaps have been identified, an action plan has been prepared (**Appendix B**), to be shared with Management Team and the Service Managers Group to update service plans.

3. Fraud Risk Assessment

- 3.1 In addition to the Corporate Counter Fraud Awareness Action Plan, the Council conducted a risk assessment to cover the year 2022/23 (**Appendix C**) which has previously been shared with GRAC. This document looked at risk areas within the Council, identified a risk category and identified the controls and mitigation in place. This assessment has been revisited this year. Any fraudulent activity, or activity which could breach our controls, has been noted and additional controls or mitigation detailed (**Appendix E(i)**). It is suggested that the number of incidents within the organisation and loss or potential loss is of a low level.

4. Corporate Plan Objectives

- 4.1. This report seeks to ensure that the Council protects itself from risk of fraud and corruption, and feeds into the current Corporate Plan objectives of customer focus and financial sustainability.

5. Medium Term Financial Strategy / Financial and resource implications

- 5.1. The training requirements will be managed through the Skillgate training resource and LGA counter fraud hub tools and resources can be accessed via the intranet. No specific additional counter-fraud resource is recommended in this report. The Council is a member of local and national anti-fraud networks.

6. Legal implications

- 6.1. There are no additional specific legal implications in relation to this report outside the Council's responsibility to protect its funds.

7. Communications

- 7.1. Communications, through team meetings and via the intranet in particular, will be important to increase fraud awareness across the authority and to promote training. The checklist and action plan will be shared with Management Team and through to the Service Managers Group to update service plans.

8. Net Zero Target

This is an update report with no specific net zero issues attached.

9. Equality, Diversity & Inclusion

No specific issues identified.

10. Community Safety issues

No specific issues identified.

8. Conclusion

The checklist is a key document to record how we are dealing with the fight against fraud and dealing with risk. The updates of potential fraud incidences at this council over the last year show low levels by way of numbers and actual or potential financial loss. It is recognised that there may be incidents that we are unaware of and continued vigilance is important. Novel methods to breach our systems may be established in the future, and may need additional attention. The checklist and steps to control risk may be considered sufficient at this time to fulfil our counter-fraud obligations.

9. Recommendation

- 1. To Note the update report**
- 2. To review and note the checklist**
- 3. To review and note the action plan**
- 4. To note the fraud assessment update which includes incidences of potential fraud**

Reasons for recommendations

Recommendations 1-4: to deliver the Corporate Action Plan aims in fighting fraud and to provide a proportionate anti-fraud provision with regard to cost and risk level.