GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 28th July 2021
Report Subject	Counter Fraud Arrangements in the Public Sector
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

In June 20219 the Auditor General published an overview for the Public Accounts Committee describing counter-fraud arrangements in the Welsh public sector. The report was a high-level, descriptive review of the arrangements in place within the Welsh Government, the NHS and local government.

This report was taken to the Public Accounts Committee where it was agreed to undertaken a Phase 2 review across a range of Welsh public sector bodies to examine how effective counter-fraud arrangements are in practice and to make recommendations for improvement.

In 2020 Audit Wales undertook a national review (Phase 2) following a more extensive programme of work to collectively assess how public sector in Wales was placed to tackle fraud.

The report attached, Appendix A, details the outcome of this review.

RECOMMENDATIONS	
1	The Committee is assured that the Council is taking appropriate steps to counter the risk of fraud.

REPORT DETAILS

1.00	EXPLAINING THE COUNTER FRAUD ARRANGEMENTS IN THE PUBLIC SECTION REPORT
1.01	In 2020 Audit Wales issued the 'Raising Our Game' Tackling Fraud in Wales report. This was a national report who collectively assessed how public sector in Wales was placed to tackle fraud.
1.02	The review examined seven key themes that all public sector bodies needed to focus on in raising their game to tackle fraud more effectively.

	• leadership and culture; • risk management and control frameworks; • policies and training; • capacity and expertise; • tools and data; • collaboration; and • reporting and scrutiny.
1.03	The outcome of this national review identified a range of opportunities to improve on the current national position this included: • Strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector; • Increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies; • Getting the right balance between proactive and reactive counter-fraud activities; • Improving awareness-raising and staff training in counter-fraud; and • Better evaluation of fraud risks and sharing of fraud information, both within and across sectors. Overall, fifteen recommendations were made across the Public sector in Wales and not specific to an individual Council. Appendix B identified those recommendations and the comments or proposed actions against each for Flintshire.
1.04	Since this report Flintshire has made further progress on enhancing the prevention and detection of fraud. This being: • Flintshire has set up and chaired the North Wales Fraud Network Group; • Finalising an on line fraud reporting system; • Establishing a detailed programme of work for Tackling Fraud; and • Resources allocated within the Audit Plan to support this programme of work.

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None

4.00	RISK MANAGEMENT
4.01	Effective risk management framework within the Council is integral to the anti-fraud culture.

5.00	APPENDICES
5.01	Appendix A – Raising our Game – Tackling Fraud in Wales Report. Appendix B – National Recommendations and Action Plan

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. **Contact Officer:** Lisa Brownbill, Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Fraud:** Any illegal act characterised by deceit, concealment, or violation of trust. **Corporate Governance:** the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes. **Risk Management:** the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation. **Internal Control:** Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery.

	Financial Management: the planning, organising, directing and control of the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes.