

By: David Tonks – Head of Audit and Risk
To: Governance and Audit Committee – 14 September 2011
Subject: PROGRESS FOR ANTI-FRAUD AND CORRUPTION
ARRANGEMENTS
Classification: Unrestricted

Summary: This paper provides a summary of the progress against the self assessment of anti fraud and corruption arrangements.

FOR ASSURANCE

Introduction and background

1. In 2010 Internal Audit carried out a self assessment of the Council's anti-fraud and corruption arrangements against the CIPFA Red Book '*Managing the risk of fraud – Actions to counter fraud and corruption*'. The Red Book is divided into five key areas of activity covering the strategic approach to anti-fraud and corruption, measuring fraud and corruption losses, the necessary authority and support for anti-fraud and corruption work, the range of actions taken to tackle problems (eg. deterrence, prevention, detection, investigation, sanctions and redress), and ensuring that there are clear outcomes for anti-fraud and corruption work.
2. The self assessment of anti-fraud and corruption arrangements identified that a framework was in place but some areas required review and improvement. It was also recognised that a dedicated resource was required to deliver these changes. The reorganisation of the Internal Audit section included the creation of two posts a Counter Fraud Manager and a Senior Fraud Officer. The Counter Fraud Manager has been appointed and joined the Internal Audit section on the 8th August 2011.
3. Within Kent County Council the responsibility for this area of activity is set out within the Council's Financial Regulations and the Terms of Reference for the Governance and Audit Committee. The work of the Committee is to ensure that the Council has a robust counter-fraud culture backed by well-designed and implemented controls and procedures. This paper supports the Committee in meeting this outcome.

Progress Against the Action Plan

- The Council's anti-fraud and corruption statement of policy and fraud response plan were dated 2005. A new Anti Fraud and Corruption Policy and fraud response plan were drafted and subsequently approved by the Governance and Audit Committee in April 2011.
- The Council's investigation manual and procedures did not include a quality assurance process that assessed the monitoring and effectiveness of investigations. The Counter Fraud Manager is working with Internal Audit to agree a quality assurance process by the end of September 2011.
- More effective links between 'policy' work (developing an anti-fraud and corruption and 'zero tolerance' culture) and 'operational' work (to detect and

investigate fraud and corruption, apply sanctions and reduce losses) needed to be established. The Counter Fraud Manager has been tasked with developing the existing processes to ensure that there is a strong link. This will include a review of key policies as well as all investigations undertaken in the last twelve months. If weaknesses are identified recommendations will be made to ensure the risks of fraud are minimised.

- Time has been set aside in the annual Internal Audit Plan for any fraud, corruption or other irregularity work required. However, the risk of fraud and corruption within the Council has not been formally assessed. The Counter Fraud Manager will be undertaking a series of risk assessments to determine where the greatest risks of fraud are. In response to these risks, proactive exercises will be undertaken to test those areas where the Council appears susceptible to fraud.
- Apart from ad-hoc fraud awareness training sessions which were available on request, there was no clear programme of work to publicise the anti fraud arrangements. The Counter Fraud Manager has been tasked with delivering a comprehensive programme of fraud awareness training, one to one meetings, e-learning and publicity campaigns.
- In November 2011 a detailed plan will be presented to members for their review and agreement.

Recommendations

4. Members are asked to:

- Note for assurance the progress against the identified actions.

Paul Rock
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