

By: Neeta Major – Interim Head of Internal Audit
To: Governance and Audit Committee – 18th April 2012
Subject: ANTI-FRAUD AND CORRUPTION
PROGRESS REPORT
Classification: Unrestricted

Summary: This paper provides a summary of progress of anti-fraud and corruption activity as well as the outcome of irregularity investigations concluded since the last Governance and Audit Committee meeting in November 2011.

FOR ASSURANCE

Introduction and Background

1. Within Kent County Council the responsibility for anti-fraud and corruption 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.

Overview of Progress

2. In January 2012 a temporary Counter Fraud Officer was recruited and this has allowed Internal Audit to further develop the anti-fraud and corruption programme. The following activity has been completed since November 2011:
 - The whistleblowing and expense procedures have been reviewed and recommendations have been made to assist in the interpretation of these policies during investigations. In addition, we are working with Human Resources to review the managing attendance, disciplinary and salary overpayment procedures.
 - A Training Needs Analysis has been completed and a programme of activity to strengthen the anti-fraud culture and deterrent affect has been prepared.
 - Internal Audit continues to co-ordinate the review of matches produced by the Audit Commission's National Fraud Initiative.
 - Initial planning for blue badge enforcement opportunities has been completed which included consulting with the Parking Managers from this council and the district councils to gauge their support.
 - Fraud awareness presentations have been provided to staff involved in the administration of personal budgets.
 - The January edition of KMag featured an interview with the Counter Fraud Manager and the Intranet has been updated with useful information to combat fraud.

- General advice has been provided in relation to laptop thefts, counterfeit blue badges, supported living care providers, false invoices and Direct Payment irregularities.
3. In relation to future counter fraud activity we have compiled a fraud risk universe and considered the highest areas of risk for a County Council. This risk assessment has included research, analysis of previous irregularities, and discussion with neighbouring authorities around current and emerging fraud risks. Based on this work we have identified that procurement, personalised budgets, grants, blue badges, declarations of interest and expenses are areas susceptible to fraud and therefore we will be undertaking work in 2012/13 to review these areas and where possible minimise any fraud risks. This activity is detailed in the 2012-13 internal audit plan.

Irregularities

4. Since the last Governance and Audit Committee nine irregularities remain open and twelve have been concluded. A summary of the concluded cases is set out in appendix A.
5. Emerging themes for these allegations include staff continuing in outside employment while reporting unfit for work and on this basis we are working with Human Resources to review the Managing Attendance policy. We have attempted to investigate several pension overpayments where the scheme member has died but payments have continued to be paid and withdrawn by a third party. We have been unable to progress these investigations because we have no authority to compel the banks to provide information. We have recommended that the pensions team seek legal advice on civil recovery options and will continue to pursue similar incidents with other agencies. Finally, there has been an increase in instances where staff have reported potential misuse of Blue Badges. Whilst this is not directly the responsibility of KCC we are exploring multi-agency enforcement activity to support the district councils.

Recommendations

6. Members are asked to note:
- the progress of anti-fraud and corruption activity; and
 - the assurance provided in relation to anti-fraud culture and fraud prevention / investigation activity.

Paul Rock
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