

By: Neeta Major – Head of Internal Audit  
To: Governance and Audit Committee – 18 December 2013  
Subject: **ANTI-FRAUD AND CORRUPTION  
PROGRESS REPORT**  
Classification: Unrestricted

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**Summary:** This paper provides a summary of progress of anti-fraud and corruption activity as well as the outcome of investigations concluded since the last Governance and Audit Committee meeting in September 2013.

## **FOR ASSURANCE**

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### **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.

### **Anti-Fraud and Corruption Activity**

#### *Fraud Awareness*

2. We continue to highlight fraud risks across the Council, including schools, and have provided fraud awareness presentations to staff in Libraries and Archives, finance and senior leaders (schools), Families and Social Care (FSC) and to Members via the Financial Management Development Programme. We have also issued fraud alerts via Knet and Kent Trust Web to advise staff of emerging fraud risks.
3. To support the council in better protecting itself from recruitment fraud we have made a Document Fraud Awareness e-learning course available to all staff and Members via the e-learning gateway. We will continue to raise the level of fraud awareness across the Council and will provide a fraud awareness e-learning module by the end of the financial year.

#### *Proactive Fraud*

4. We have completed a review of the policies and procedures related to the financial assessment of personal budget recipients. Appendix A details the outcome of the review. Progress in relation to the implementation of the agreed recommendations will be reported within the Internal Audit Progress Report.

### **Irregularities**

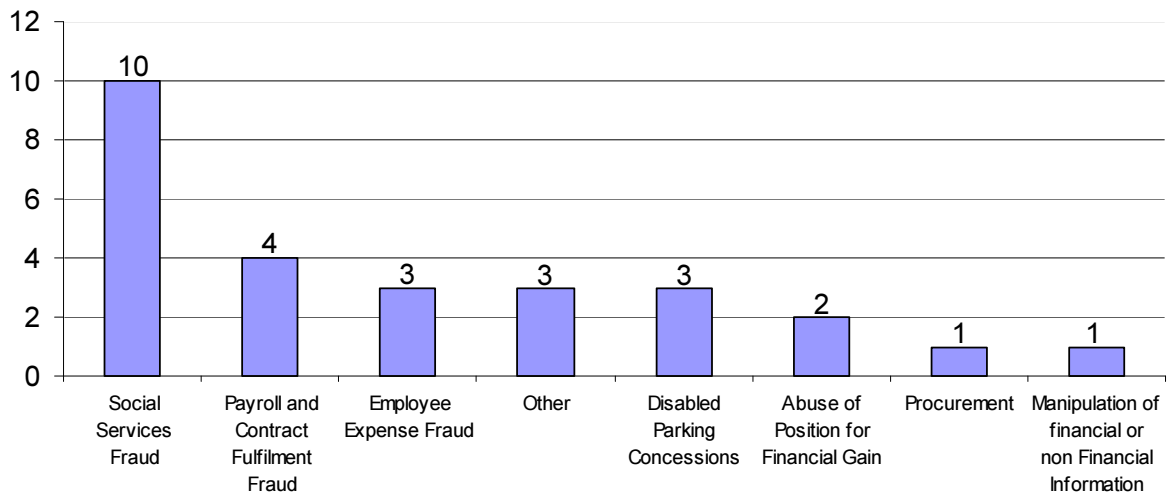
5. The following table summarises the irregularities under investigation since the last progress report in September 2013. Summaries of the concluded irregularities are set out in Appendix A.

**Table 1 - Irregularities Received**

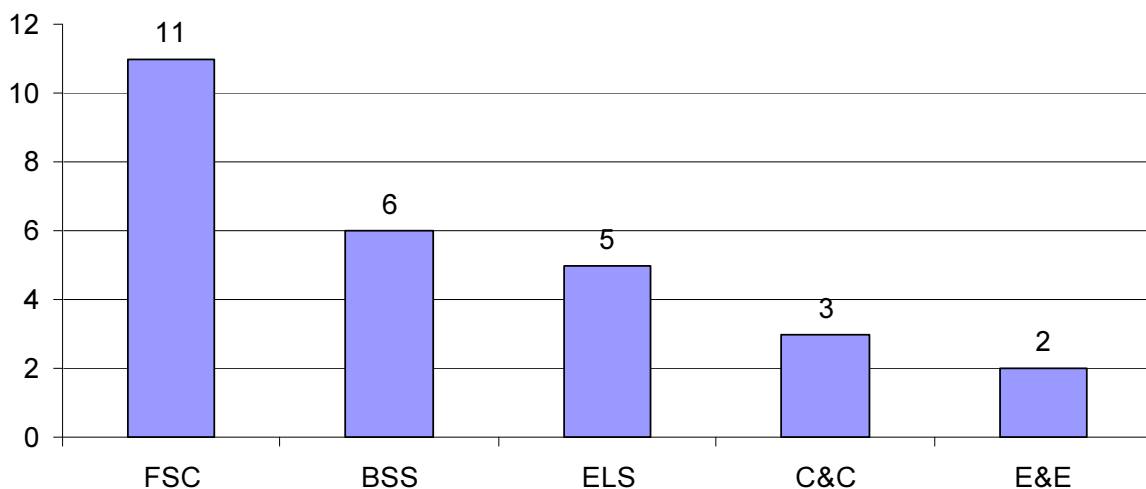
	<b>Number of Irregularities</b>
Brought forward at 19 August 2013	20
New irregularities recorded in period	18
Concluded in period	18
Carried forward at 19 November 2013	20

6. Internal Audit has recorded 27 new irregularities in 2013/14. The most common types of fraud reported have been social services fraud (10) and payroll fraud (4). The definition of each fraud type is detailed in Appendix B. A full breakdown is shown below.

**Chart 1 - Irregularities by Type 13/14 Year to Date**

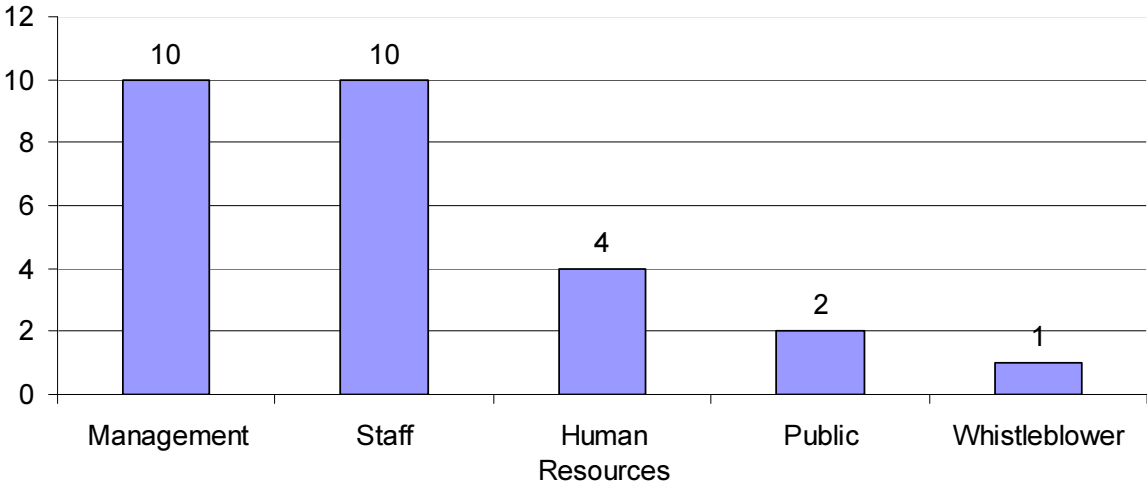


**Chart 2 - Irregularities by Directorate 13/14 Year to Date**



- 7. The increase in irregularities originating in FSC relates to an increase in social services fraud, which is any fraud linked to social services provision. For example, false payments to contractors for housing modifications or the failure to declare income/capital by social care clients. We have been providing increased support to FSC when responding to allegations of financial abuse by residential providers and carers, as well as misuse of personal budgets paid via Direct Payment. We will shortly complete a fraud risk assessment for all Directorates and will be discussing the results with key directors.
- 8. The most common sources of referral were management (10) and staff (10) which indicates a good level of fraud awareness but we will continue to promote an anti-fraud culture and encourage management and staff to report any concerns. A full breakdown is shown below:

**Chart 3: Irregularities by Source**



- 9. In addition to these irregularities, we have recorded and monitored a further 24 instances of Direct Payment misuse in 2013/2014. Historically, this information was collected by another team, but the Counter Fraud team are now receiving and analysing this data. We are currently reviewing our approach to these referrals and will provide further information once this review is complete.

**Recommendations**

- 10. Members are asked to note for assurance:
  - the progress of prevention and investigation anti-fraud and corruption activity

**Appendices**

- Appendix A      Summary of Proactive Fraud Reviews and Concluded Irregularities
- Appendix B      Definitions of Fraud Types

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