

By: Neeta Major – Head of Internal Audit
To: Governance and Audit Committee – 30 April 2014
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 investigations concluded since the last Governance and Audit Committee meeting in December 2013.

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.

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 finance officers, Kent fire and Rescue and at the Head teacher's induction. We have also issued fraud alerts via Knet and Kent Trust Web to advise staff of emerging fraud risks. We will continue to raise the level of fraud awareness across the Council.

Irregularities

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

Table 1 – Irregularities Received

	Number of Irregularities
Bought forward at 20 November 2013	20
New irregularities recorded in period	23
Concluded in period	24
Carried forward at 25 March 2014	19

4. Internal Audit has recorded 50 new irregularities in 2013/14. The most common types of fraud reported have been social services fraud (14), disabled parking concessions (10) and other (10). The 'other' category includes school cheque frauds, an alleged false application for services and an allegation of copyright infringement.
5. In relation to disabled parking concessions, we have recorded an increase in the old style blue badges being altered or copied typically to extend the expiry date. This type of fraud may increase in the next 18 months but then reduce as the old less secure badges in circulation expire and are replaced with the more secure Blue Badge design. The definition of each fraud type is detailed in Appendix B. A breakdown by type is shown below.

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

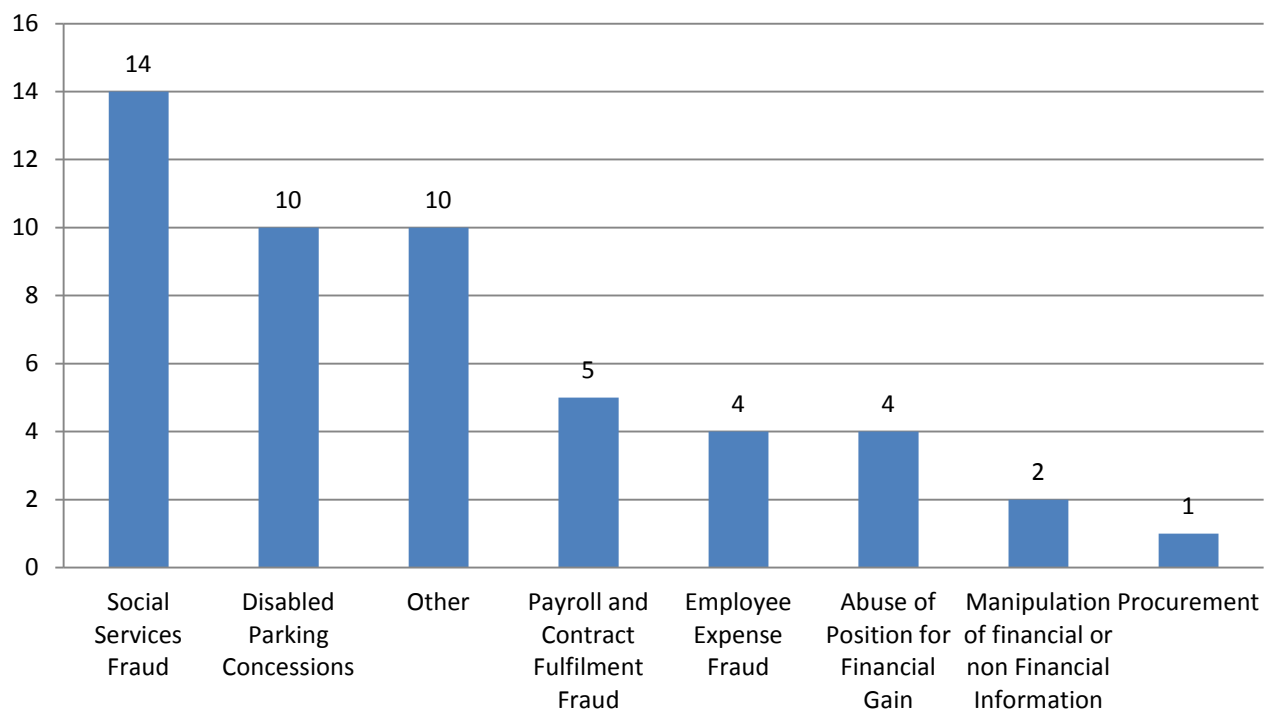
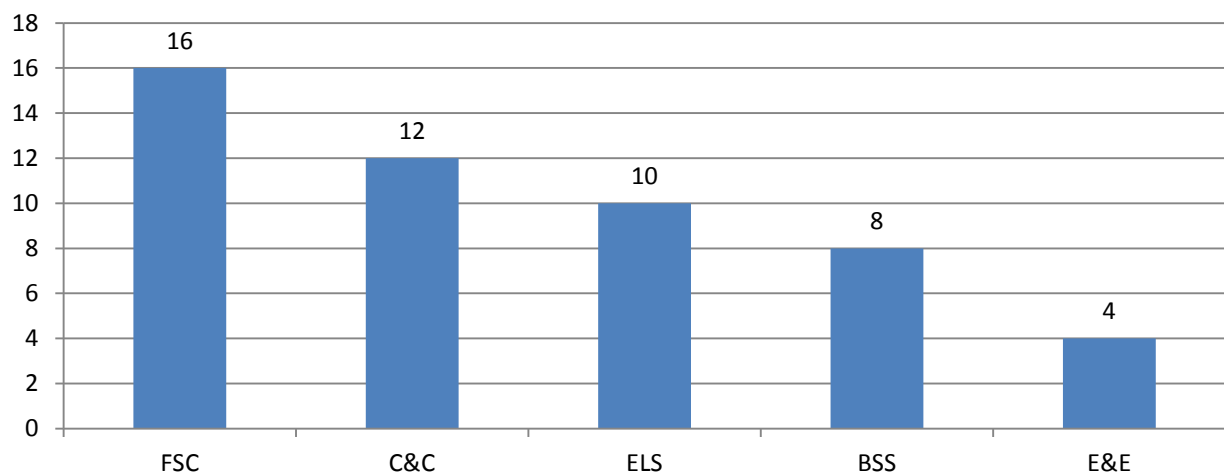
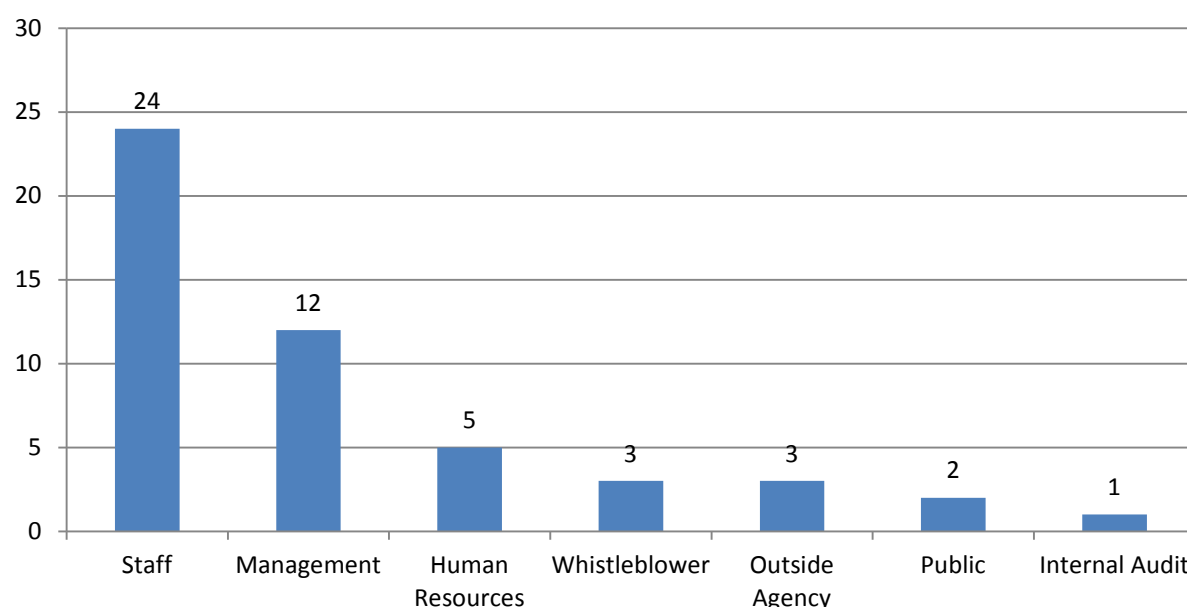


Chart 2 - Irregularities by Directorate 13/14 Year to Date



6. The increase in irregularities originating in FSC (now Social Care, Health and Wellbeing) relates to an increase in social services fraud, which is any fraud linked to social services provision. We have been providing increased support to Social Care, Health and Wellbeing when responding to allegations of financial abuse by residential providers and carers, as well as misuse of personal budgets paid via Direct Payment. We have discussed these risks with the Corporate Director and have agreed some targeted counter fraud activity for 2014/15.
7. The increase in irregularities originating in C&C relates to the increase in incidents related to the manipulation of Blue Badges referred to above.
8. The most common sources of referral were and staff (24) and management (12) 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 breakdown is shown below:

Chart 3: Irregularities by Source



Recommendations

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

Appendices

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| Appendix A | Summary of Concluded Irregularities |
| Appendix B | Definitions of Fraud Types |

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