

Appendix 1 Findings & Outcomes

Theme 1: Resource and Communication	Overall Assessment:
<p>Requirement Assessment:</p> <p>The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.</p>	<p>Findings in Support of the Assessment:</p> <p>A range of measures are in place to prevent and detect fraud and corruption, including policies and procedures (see theme 3 below), system controls and proactive and reactive works completed by the Council's Counter Fraud Team.</p> <p>The Powys Counter Fraud Team Senior Investigator informed us that reports on effectiveness of these mechanisms will be routinely taken to Audit Committee when the Council move back to more normal business levels, following the pandemic.</p> <p>The Authority's detection includes the National Fraud Initiative (NFI), a biennial data matching exercise across organisation and systems to help public bodies identify fraud and overpayment.</p>
<p>Requirement Assessment:</p> <p>There is a programme of counter fraud work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts. There is an annual fraud plan which is agreed by Audit Committee and reflects resources mapped to risks and arrangements for reporting outcomes.</p>	<p>Findings in Support of the Assessment:</p> <p>The Powys Counter Fraud Team Senior Investigator informed us that there is a plan of counter fraud work which is revisited and reviewed regularly. Assistance is sought on an ongoing basis from Senior Leadership Team to help raise and embed counter fraud culture across the Council and cascading down the reporting lines. This plan was requested, but not provided.</p> <p>We are informed that the plan is not agreed by the Audit Committee and does not make a direct link between resources and fraud risk.</p> <p>The recent Wales Audit Report on 'tackling fraud' identified that the approach to counter-fraud work is uncoordinated". The same report also found that there was a "lack of clarity in terms of roles and responsibilities of staff involved in counter-fraud work".</p>
<p>Requirement Assessment:</p> <p>The organisation has internal audit and external audit planning aligned to fraud risks. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.</p>	<p>Findings in Support of the Assessment:</p> <p>Internal audit planning uses a structured risk assessment that specifically includes fraud risk as an assessment factor. The impact of this is that those potential audit areas with increased risk of fraud are a greater priority in the internal audit work programme. This programme used to be agreed annually, but it will be more agile for next year 20/21 at a quarter plus another quarter as reserve.</p> <p>Whilst the Internal Audit plan makes a proper assessment of fraud risks, we are not satisfied that the Council is completing a fraud risk assessment which ensures that the available resources are mapped to fraud risk.</p> <p>The results of this baseline exercise should be used by the Council to align risk more accurately to available resources. The next stage in this is to complete service level risk assessments, which will be discussed with the key contacts at the Authority.</p> <p>The work of External Audit includes 'those charged with governance', which is completed by the Council and has fraud-related category, including questions around the management and governance of fraud. This is used by External Audit to shape their work and any findings are reported via their Audit Committee updates.</p>

Requirement Assessment:		Findings in Support of the Assessment:
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.		<p>The Powys Counter Fraud Team Senior Investigator informed us that the Team engages with joint working with several outside agencies as well as other Councils and various organisations. This includes the Police, the DWP and other Councils and is not limited to Wales.</p> <p>Reports are made to sanctions databases where necessary, such as CIFAS, National Crime Agency and Action Fraud.</p> <p>The Council also participate in the National Fraud Initiative work and this includes elements of joint working across agencies.</p>
Requirement Assessment:		Findings in Support of the Assessment:
The organisation has access to a trained counter fraud resource.		<p>Powys Counter Fraud Team are qualified members of staff, holding the designations Accredited Counter Fraud Officer (ACFO) or Accredited Counter Fraud Specialist (ACFS) and maintaining compulsory profession development.</p> <p>The Council have a Fraud Team in place who offer support and all areas of counter fraud services, including investigation and prosecution; fraud awareness training; fraud audits, health checks and prevention; fraud consultancy and policy.</p> <p>As a partner of the SWAP Internal Audit Partnership, the Council also have access to SWAP's trained Counter Fraud Team, although this is not currently utilised.</p>

Theme 2: Risk Management

Overall Assessment:

Requirement Assessment:	Findings in Support of the Assessment:
<p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members. Horizon scanning is completed to look for future fraud and corruption risks.</p>	<p>Internal and external audit meet quarterly to discuss audit issues and fraud is a standard agenda item. The last meeting was in February between SWAP and Audit Wales.</p> <p>A forum has been created where external and internal inspection functions meet with the Council to discuss the key future risks. The last meeting was in February 2021 and the next is scheduled for April 2021. SWAP, Wales Audit, Care Inspectorate Wales and Estyn all contribute to the meeting. Fraud risk was an area that was considered as part of the general discussion.</p> <p>SWAP Internal Audit have not been asked to investigate fraud in the Council. This function is being delivered by the Council’s Counter Fraud Team. However, there is a meeting planned to discuss this arrangement and how the two assurance functions can work more closely together. This meeting has been cancelled on previous occasions by the Council due to capacity issues caused by Covid response.</p> <p>In addition, this Baseline Assessment of maturity for fraud and the impending service level fraud risk assessments will provide up to date picture for the Council in relation to fraud risk.</p>
<p>The risks of fraud and corruption are specifically considered in the local authority’s overall risk management process.</p>	<p>Fraud does not feature in the Corporate Risk Register; however, service risk registers do reference the risk of fraud in three places: Legal & Democratic services; Pensions, and procurement. Corruption is mentioned in the Digital Services risk register.</p> <p>The registers for services that incorporate inherently higher risk of fraud (revs and bens, payroll) did not acknowledge the risk of fraud and corruption.</p> <p>The lack of integrated planning in relation to fraud risk was also raised by the recent Audit Wales Report on ‘Tackling Fraud’.</p> <p>Powys County Council’s Risk Management Framework (July 2019) references fraud under financial risks. It does not mention corruption.</p>

Theme 3: Policy Related		Overall Assessment:
<p>Requirement Assessment:</p> <p>There are employee and member Code of Conducts in place, which include reference to fraud.</p>	<p>Findings in Support of the Assessment:</p> <p>Officers or Members Code of Conduct does not contain any direct reference to fraud. The documents do set out minimum standards of behaviour for employees and Members which are aligned to the principals of public life, including honesty, integrity, accountability, selflessness and openness.</p> <p>The Officer code suggests that embarrassment to the Council is the consequence of close personal relationships. The documents should be revisited at the next scheduled opportunity and a fraud tone be added.</p>	
<p>Requirement Assessment:</p> <p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: Codes of conduct including behaviour for counter fraud, anti-bribery, and corruption; Register of interests; Register of gifts and hospitality; and Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked independently.</p>	<p>Findings in Support of the Assessment:</p> <p><u>Officer Conflict of interests</u> There is no evidence to support that conflicts of interests are reviewed as part of an annual review. There is no requirement for all officers to complete a declaration even if there is a nil return (as reported by SWAP in August 2020) Follow up (1.4) of this recommendation found that by 1.10.21 all Heads of service will be reminded of the need to keep a register of the declared Conflicts of interest and the need to review those declaration at annual appraisals. Share point Registers to be created for each service which to allow for an annual review.</p> <p><u>Officer Gifts and Hospitality</u> This policy is also part of the Code of Conducts for Employees. The register is not a centrally held, registers are retained in various formats from service area with no standard format in place.</p> <p><u>Member Conflict of Interest</u> The register of Interests for Members is available on the Councils website which is also linked to each Councillor and for each meeting that they attend. At the start of each meeting, it is asked if there are any declarations of interest from the Members to be declared.</p> <p><u>Member Gifts and Hospitality</u> The register of Gifts or Hospitalities is also available on the Councils website which is linked to each Councillor and for each meeting that they attend.</p> <p>The following areas are included on the terms of reference for the Standards Committee: review of whistleblowing take up, treatment of personal interests and wider conduct matters. There is, however, no evidence to suggest that declarations of interest and gifts and hospitality have been reviewed recently by Members. The benefit of this would be to identify trends and provide assurance that the processes above are embedded across the authority.</p>	
<p>Requirement Assessment:</p> <p>There is an independent and up-to-date whistleblowing policy which is monitored for take up and can show that suspicions have been acted upon without internal pressure.</p>	<p>Findings in Support of the Assessment:</p> <p>The Whistleblowing Policy was last reviewed in November 2019 with the next review due October 2021. This is available on the staff facing intranet and external facing internet pages. The Council's HR Department are responsible for reviewing and distributing the policy as and when required. Section 5 of the policy related to anonymous concerns and section 6 relates to how to raise a concern internally. It is noted that some of the contact details on this policy are out of date.</p>	

Requirement Assessment:		Findings in Support of the Assessment:
<p>The organisation has an appropriate and approved Anti-Fraud and Corruption Policy available to stakeholders.</p>		<p>The Anti-Fraud and Corruption Policy was located and last reviewed in December 2019. This is currently under review and is being taken to SLT as soon as the work with COVID eases.</p> <p>Within the policy it is clear that the Council will promote a generally awareness of fraud, bribery and corruption to all employees and Members, with specific training provided to officers engaged in the prevention and detection of such activity to ensure that they have the necessary skills to carry out these functions. Officers involved in investigatory work will be provided with relevant specific training that meets their needs and allows for continuous professional development.</p> <p>Internal Scrutiny Arrangements include:- Assurance of the effective operation of internal control arrangements is requested from management annually as part of the Council's arrangements for preparing the Annual Governance Statement. Managers are required to specifically provide assurance on the effective operation of internal control arrangements and staff awareness of this Policy. Managers also have a responsibility to carry out regular risk reviews and to raise concerns if they identify any areas where there is a potential weakness in internal controls.</p>
Requirement Assessment:		Findings in Support of the Assessment:
<p>There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance. There is a zero-tolerance approach.</p>		<p>There is no standalone Fraud Strategy. Some elements of a typical strategy are included within the above Anti-Fraud and Corruption Policy, but there are some key omissions, including: an anti-fraud response plan and the key responsibilities across the Council.</p>
Requirement Assessment:		Findings in Support of the Assessment:
<p>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.</p>		<p>Contractors and third parties are required to sign the contract which includes that they must adhere to statutory obligations under Corporate Requirements section on Whistleblowing and/or confidential reporting policies.</p> <p>Part of the standard Contract for the supply of services includes section "G3" Prevention of Prohibited Acts, Fraud, Bribery and Corruption. The Procurement service also their understanding and commitment to counter fraud by providing a paper developed by the Local Government Association on Managing Risk Procurement.</p>
Requirement Assessment:		Findings in Support of the Assessment:
<p>The organisation has an appropriate and approved money laundering policy available to stakeholders.</p>		<p>The Council have in place a Money Laundering Policy which is noted to be dated December 2019. This was located through the Council's website under the approval.</p>
Requirement Assessment:		Findings in Support of the Assessment:
<p>Counter fraud staff are consulted to fraudproof new policies, strategies, and initiatives across departments and this is reported upon to committee.</p>		<p>The Powys Counter Fraud Service have been involved and been asked to assist in updating more robust policies in Housing and Social Care for example. The Housing Team confirmed verbally that the previous Social Housing and Tenancy Fraud Policy was written in liaison with the Counter Fraud Team.</p>

Theme 4: Committee Related

Overall Assessment:

Requirement Assessment:

Audit Committees and Portfolio Lead roles in relation to fraud management are agreed and understood, including: Awareness and support counter fraud activity (including proactive and reactive) and receive training to support them; Receiving of regular reports on the work of those leading on fraud; Supporting counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.

Findings in Support of the Assessment:

A copy of the Scrutiny Committee Terms of reference was provided and there is no direct link to fraud, although the intention may be that it is covered under the broader remit of risk. There is also a Portfolio Holder for Finance, but it has not been possible to locate details of their specific responsibilities and whether fraud is covered within this remit.

We did locate a previous report taken to Audit Committee in September 2019; however, there is no evidence that more recently, regular reports on fraud activity are taken to Members.

There is no structured training plan in relation to fraud for Members.

Theme 5: Culture and Awareness		Overall Assessment:
<p>Requirement Assessment: ██████████</p> <p>The organisation educates and trains employees regarding the importance of ethics and anti-fraud programs and senior management exhibit and encourage ethical behaviour.</p>	<p>Findings in Support of the Assessment:</p> <p>At the Audit Committee on 11th February 2021, members were of the opinion that Fraud training should be mandatory for all staff, although Counter fraud training is available in Powys but is not mandatory. The outcome of the meeting was that a letter to be sent to the Chief Executive and Leader recommending that fraud training be mandatory for all staff.</p> <p>Fraud Awareness training is available on the eLearning hub, although it is not mandatory for staff to undertake.</p> <p>No training is given to SLT and there is no fraud training plan for officers corporately.</p> <p>Furthermore, the recent Audit Wales Report on ‘tackling fraud’ found that there was “little evidence to confirm that the zero-tolerance message is actively promoted across the Council on an ongoing basis”. The same report stated that “the extent of any counter-fraud training undertaken across the Council has been very limited”.</p>	
<p>Requirement Assessment: ██████████</p> <p>The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the relevant checks.</p>	<p>Findings in Support of the Assessment:</p> <p>Employment Services undertake recruitment vetting of all staff. There are appropriate forms in place which are used for collecting recruitment information, including employment history and the candidates right to work in the UK.</p> <p>Fraud risk is not formally considered as part of the vetting and recruitment process.</p>	
<p>Requirement Assessment: ██████████</p> <p>The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>Findings in Support of the Assessment:</p> <p>What about: policies and procedures that are designed to promote and ensure probity and propriety in the conduct of its business, this includes, but is not restricted to:</p> <ul style="list-style-type: none"> • Financial Procedure Rules. • Contract Procedure Rules. • Code of Conduct for Members. • Code of Conduct for Staff. • Anti-Fraud and Corruption Policy. • Anti-Money Laundering Policy. • Whistleblowing Policy. 	
<p>Requirement Assessment: ██████████</p> <p>The organisation routinely publicises successful cases of proven fraud and corruption to raise awareness and this is endorsed by the communications/ media team.</p>	<p>Findings in Support of the Assessment:</p> <p>The Council would always consider cases on their own merit. Two examples were provided from the County Times website from January and December 2020.</p> <p>There has been an awareness within the Council, particularly with those officers who were processing grants that they had to prevent fraudulent applications and with time all Councils will report back to central government to advise how they have combatted fraudulent grant applications.</p>	

Requirement Assessment:	Findings in Support of the Assessment:
<p>Relevant staff and members are up to date with latest anti-fraud practice and trends in fraud.</p>	<p>The Powys Counter Fraud Team are qualified members of staff, holding the designations Accredited Counter Fraud Officer (ACFO) or Accredited Counter Fraud Specialist (ACFS) and maintaining compulsory profession development. The Team all take regularly in any training (refresher or new) that comes up with the Council (this is sometimes via Legal Services, Trading Standards etc) and join training sessions on a reciprocal basis, these have CPD points usually.</p> <p>The Powys Counter Fraud Team Senior Investigator has also founded and manage the Wales Fraud Officer group and organises a number of training events to include officers from outside the Powys region.</p> <p>SWAP send out frequent fraud alerts and two-weekly newsletters, which include fraud reference.</p> <p>Whilst not currently utilised, SWAP has four Certified Fraud Examiners, who stay up to date with latest practice and trends through continued professional development, should they be required by the Council.</p>

Theme 6: Reporting, Investigating and Monitoring

Overall Assessment:



Requirement Assessment:		Findings in Support of the Assessment:
Statistics are kept and reported which cover all areas of activity and outcomes. The number of investigations and outcomes are recorded.		No evidence of this has been provided to us to support the recording of statistics, including outcomes. As previously reported, there is a lack of evidence to support information being provided to Audit Committee.

Requirement Assessment:		Findings in Support of the Assessment:
There is a fraud and corruption response plan which covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.		At the Audit Committee in December 2020, the Head of Finance stated that a formal response to the action plan in the recent Audit Wales Report titled ‘raising our game; tackling fraud in Wales’ should be produced. This has been delayed due to ongoing work on roll out of business grants as part of the pandemic response. One of the findings within this report stated: “The Council did not have an appropriate fraud response plan in place”.

Requirement Assessment:		Findings in Support of the Assessment:
The organisation provides an anonymous way to report suspected violations of the ethics and anti-fraud programs.		<p>The Council has an appropriate method to report fraud online, although there is nothing on this page to state it is anonymous if you report fraud. There is no direct phone line for reporting fraud. It was stated by the Counter Fraud Team member that on occasions where someone has rung through to the Council, Customer Services have either put through direct to speak with one of the team or have been given a direct phone number of one of the team who works from home.</p> <p>Internal reports can be completed online or directly to the Counter Fraud Team who would treat them anonymously.</p> <p>SWAP has a dedicated confidential helpline for the Counter Fraud Team of which the details should be considered to include within the appropriate Council policies.</p>

Requirement Assessment:		Findings in Support of the Assessment:
All allegations of fraud and corruption are risk assessed.		<p>The Powys Counter Fraud Team do not risk assess allegations in the traditional sense, but they look at everything. In their experience risk assessments were not that helpful because they were continually having to be tweaked for sufficient cases to reach the investigation threshold.</p> <p>Where information is sparse the team will do whatever they can to try and get more detailed information about the alleged offence. If the allegation is not anonymous and the reporter has left their details, they will go back to the reporter to try and get more information. Powys Counter Fraud Service have unfettered access to information.</p>

Requirement Assessment:		Findings in Support of the Assessment:
Prevention measures and projects are undertaken using data analytics where possible and sharing of data across internal departments and between other enforcement agencies.		<p>The Council participate in the NFI which is a data matching exercise to assist in the prevention and detection of fraud. Work includes suspected council tax reductions and single person discount fraud, blue badge, social care payments, housing/tenancy, right to buy, business rates, grants.</p> <p>Proactive data matching exercises are undertaken on a planned basis. The Counter Fraud Team also joint work with DWP on cases where there is an interest for the Council.</p> <p>SWAP is performing audit work, using data analytics and share this internally and externally where necessary/ beneficial.</p>

Baseline Assessment of Maturity in relation to Fraud – March 2021



Finally, there are benefits to the Council using the Cifas service for data matching which should be further explored.

Requirement Assessment:

Fraud incidents are promptly and thoroughly investigated by a designated and qualified resource, with unfettered access to premises and documents for the purposes of counter fraud investigation.

Findings in Support of the Assessment:

All referrals received by the Powys Counter Fraud Team are recorded on a bespoke case management system and are thoroughly evaluated for any further appropriate action by qualified and accredited staff members. The Team have access to the relevant systems in-house and can obtain additional information where necessary.