

Appendix C

FRAUD CHECKLIST

The checklist allows Councils to evaluate their arrangements. This document seeks to evaluate the arrangements in place within PCC. This document has been prepared by Internal Audit to highlight to the Audit Committee which is referred to as “those charged with governance” that the Council has in place adequate arrangements for the prevention, detection and investigation of fraud that may occur within the Council.

| | | Yes | No |
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| 1 | DO WE HAVE A ZERO TOLERANCE POLICY TOWARDS FRAUD? | X | |
| | <p>Position</p> <p>The Council’s Anti-fraud and Corruption Policy contains a statement that clearly states that the Council has a zero tolerance to fraud, and that it expects its employees to uphold the highest ethical standards and to strictly adhere to its anti-fraud framework and associated policies.</p> <p>As part of the Officers Code of Conduct, it also references a ‘zero tolerance’. It incorporates the fact that any instances of fraud or corruption will be treated as gross misconduct.</p> <p>Actions</p> <p>During 2024/2025, it is proposed to:</p> <ul style="list-style-type: none"> • Refresh the corporate approach to fraud and the associated policies; and • Develop eLearning training to support the implementation of the counter-fraud policies | | |
| 2 | DO WE HAVE THE RIGHT APPROACH, AND EFFECTIVE COUNTER-FRAUD STRATEGIES, POLICIES AND PLANS? HAVE WE ALIGNED OUR STRATEGY WITH FIGHTING FRAUD LOCALLY? | X | |
| | <p>Position</p> <p>PCC has a range of policies and procedures in place (set out in Appendix 1, Table 1). The original strategy has been developed from best practice.</p> <p>Actions</p> <p>During 2024/2025, it is proposed to:</p> <ul style="list-style-type: none"> • Refresh the corporate approach to fraud and the associated policies to ensure they remain in line with best practice; • Develop eLearning training to support the implementation of the counter-fraud policies | | |
| 3 | DO WE HAVE DEDICATED COUNTER-FRAUD STAFF? | X | |
| | <p>Position</p> <p>Line Managers are responsible for the identification of fraud within their respective areas. Internal Audit and Investigations are available to investigate larger scale allegations and provide advice to managers. It should be noted that as cases become more complex more input is needed from Internal Audit which can be to the detriment of the Internal Audit Plan with scarce resources available.</p> <p>At present there are 2 qualified fraud investigators in the service which cover Council Tax Support, Blue Badges, welfare benefits and some staffing related matters. Other reviews can be</p> | | |

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| | <p>referred through to Internal Audit. Internal Audit resource is also used in relation to NFI matches and the resulting investigations.</p> <p>There are separate officers in Trading Standards who will look at fraud in their defined area.</p> <p>Actions</p> <p>None</p> | | |
| 4 | DO COUNTER FRAUD STAFF REVIEW ALL WORK OF THE ORGANISATION? | X | |
| | <p>Position</p> <p>Investigations workload revolves around the activities, but not restricted to those identified in Q3.</p> <p>Internal Audit maintains a small contingency resource within its Audit Plan to address fraud issues, nevertheless this can be used up very quickly.</p> <p>Service management has the primary responsibility for identifying internal fraud (and will be actively supported by Human Resources).</p> <p>Internal Audit operates a risk-based approach to auditing and key risks are identified for inclusion in the audit plan in conjunction with service management. Internal Audit considers fraud risk for inclusion in the scope of each audit review.</p> <p>Action</p> <p>None</p> | | |
| 5 | DOES A MEMBER HAVE RESPONSIBILITY FOR FIGHTING FRAUD ACROSS THE COUNCIL? | X | |
| | <p>Position</p> <p>Cabinet is responsible for cross cutting developments and of the Council's budget and financial policy framework. Overall remit is with the Cabinet Member for Finance and Corporate Governance which covers the works of Corporate Services.</p> <p>The Audit Committee receive reports on Fraud arrangements across the Council and are responsible for reviewing the effectiveness of the arrangements in place.</p> <p>Action</p> <p>None</p> | | |
| 6 | DOES THE AUDIT COMMITTEE RECEIVE REGULAR REPORTS ON HOW WELL PCC IS TACKLING FRAUD RISKS, CARRYING OUT PLANS AND DELIVERING OUTCOMES? | X | |
| | <p>Position</p> <p>The Annual Governance Statement provides a level of assurance that fraud risks have been identified and addressed. There may also be reference within the Strategic Risk Register should material events be considered (e.g. cyber-attacks). Consideration will also be in operational risk registers.</p> <p>The Audit Plan is endorsed by Audit Committee on an annual basis and Chief Internal Auditor produces an annual report which includes information on counter fraud activities.</p> | | |

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| | <p>An annual report on the works of the Investigations Team is produced.</p> <p>Action</p> <ul style="list-style-type: none"> NFI Exercise is scheduled to commence in October 2024 and an update on the level of matches will be reported on to Audit Committee in March 2025 (data matches are released in February 2025) | | |
| 7 | HAS PCC ASSESSED THE MANAGEMENT OF COUNTER-FRAUD WORK AGAINST GOOD PRACTICE? | X | |
| | <p>Position</p> <p>CIPFA Code of Practice is followed and the checklist maps against it. Internal Audit and Investigations are members of various forums to share best practice and these include:</p> <ul style="list-style-type: none"> Chief Internal Auditors Network CIPFA Special Interests Group National Anti-Fraud Network Local forums <p>Action</p> <ul style="list-style-type: none"> Review policies in line with best practice during 2024 / 2025 | | |
| 8 | DOES PCC RAISE AWARENESS OF FRAUD RISKS WITH: | X | |
| | <ul style="list-style-type: none"> New staff Existing staff Members; and Contractors <p>Position</p> <p>Fraud is covered in the Officers Code of Conduct. It is a requirement that all agency staff must comply with the code, and it is the recruiting managers responsibility to ensure that the individuals concerned are fully compliant with the code at the start of their appointment.</p> <p>Short term appointments (such as Polling Clerks) may not cover the full code but specific fraud issues pertinent to these posts are specifically raised with the individuals concerned.</p> <p>Existing staff have been provided with updates, specifically in relation to cyber fraud and security through eLearning.</p> <p>Contract related fraud matters are incorporated into the standard terms and conditions. In addition, specific anti-competitive and anti-bribery conditions apply to the contracting process.</p> <p>Action</p> <ul style="list-style-type: none"> Continue to develop eLearning for other aspects of fraud and governance | | |
| 9 | DOES PCC WORK WITH LOCAL / NATIONAL NETWORKS TO ENSURE REMAINS AWARE OF CURRENT FRAUD RISKS AND ISSUES? | X | |
| | <p>Position</p> <p>There are effective working arrangements in place between PCC and Department for Work and Pensions (DWP) to cover the requirements of the Single Fraud Investigation Service (SFIS).</p> | | |

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| | <p>The National Anti-Fraud Network (NAFN) provide bulletins on current fraud risks.</p> <p>Internal Audit staff are members of professional bodies such as CIPFA and Institute of Internal Auditors. These bodies provide periodic updates in areas such as fraud risks and are cascaded throughout the team as appropriate.</p> <p>Actions</p> <p>None</p> | | |
| 10 | DOES PCC UNDERTAKE DATA SHARING / KNOWLEDGE WITH OTHERS TO PREVENT AND REDUCE FRAUD AND ITS FRAUDSTERS? | X | |
| | <p>Position</p> <p>The Cabinet Office' National Fraud Initiative (NFI) operates under formal arrangements and provides for the sharing of data between local authorities and other participating organisations.</p> <p>We also use the online reporting system to Action Fraud.</p> <p>Actions</p> <p>None</p> | | |
| 11 | ARE INTERNAL CONTROL WEAKNESSES IDENTIFIED? | X | |
| | <p>Position</p> <p>The majority of the annual Internal Audit Plan contains risk-based audits. A risk assessment is undertaken and discussions held with Service Directors to establish key risks. Each of the audits includes an assessment of the internal controls within scope to identify instances in which they are not present or not working effectively.</p> <p>Auditors consider fraud risks for each assignment.</p> <p>Where appropriate recommendations are made to improve internal controls at the conclusion of each review, implementation is confirmed with the client and followed up.</p> <p>Actions</p> <p>Subject to resources etc., a small number of pro-active counter fraud reviews to be included in the Internal Audit Plan that focuses on activities where, due to the nature of the service, the risk of fraudulent activity is heightened.</p> | | |
| 12 | ARE THERE EFFECTIVE ARRANGEMENTS FOR REPORTING AND RECORDING FRAUD? | X | |
| | <p>Position</p> <p>Financial Regulations require Executive Directors to ensure that Internal Audit (on behalf of the Section 151 officer) is notified of all incidents of financial irregularity.</p> <p>Internal Audit records each reported incident.</p> <p>Although the above controls are in place, full compliance cannot be assured. Work is ongoing to raise awareness of fraud reporting. This work is continual as staff are always moving and new issues are always arising.</p> <p>Action</p> | | |

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| | A key issue to be reviewed going forward is to identify and record not only proven fraud activity, but also areas which are serious issues where actual fraud is indicated, but not proven. | | |
| 13 | ARE THERE EFFECTIVE ARRANGEMENTS FOR WHISTLEBLOWING? | X | |
| | <p>Position</p> <p>The Council has a Whistleblowing Policy that contains an explanation on whistleblowing arrangements and the reporting access routes including the details of designated contact officers.</p> <p>Whistleblowing allegations are all reviewed and where appropriate fully investigated by someone independent of the area.</p> <p>Actions</p> <p>Review policy (AGS action for Monitoring Officer)</p> <p>Regular meetings to take place with between Internal Audit, the Head of Human Resources, and the Monitoring Officer to review whistleblowing and investigation cases.</p> | | |
| 16 | ARE THERE EFFECTIVE FIDELITY INSURANCE ARRANGEMENTS? | X | |
| | <p>Position</p> <p>The Council has adequate fidelity insurance cover.</p> <p>There is an annual requirement to complete a pro-forma for the fidelity guarantee insurance. This is undertaken by the Chief Internal Auditor with input from Insurance, Internal Audit and Treasury Management.</p> <p>Action</p> <p>None</p> | | |
| 17 | IS THERE CONFIDENCE THAT THERE IS SUFFICIENT COUNTER-FRAUD CAPACITY AND CAPABILITY TO DETECT AND PREVENT FRAUD? | X | |
| | <p>Position</p> <p>The Internal Audit plan is produced on an annual basis. The formulation of this plan incorporates new and emerging risks including those associated with the current financial climate. The current resources (as at June 2024) have very little capacity in the system should a major incident (or several smaller incidents) occur.</p> <p>Investigations Team made up of 2 FTE.</p> <p>Actions</p> <p>During 2024 / 2025, look to benchmark Investigations against other Councils. Look at any merits for linking with any regional fraud forums.</p> | | |

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