



**Southern Internal
Audit Partnership**

Counter Fraud Unit

Annual Counter Fraud Report 2020-2021

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May 2021

1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership's approach to support the management of the risk of fraud and corruption within the County Council.



The County Council promotes a zero tolerance culture to fraud and corruption:

'West Sussex County Council is determined that the culture and tone of the organisation is one of honesty, openness and absolute opposition to fraud and corruption. The Council's expectation on propriety and accountability is that members and staff at all levels will observe the highest standards in ensuring adherence to legal requirements, rules, procedures and practices.' (WSCC - Anti Fraud & Corruption Strategy)

The County Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti-Fraud & Corruption Strategy and Response Plan; Whistleblowing Policy and Anti Bribery Policy).

Counter fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.

2. Reactive Fraud Activity

The Southern Internal Audit Partnership work with the County Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP/ ACFS) staff, in accordance with the Council's Anti-Fraud & Corruption Policy and Response Plan.

Recent history has demonstrated that given the size and diversity of the organisation, relatively low levels of activity have been required in respect of reactive fraud work within the County Council.

Analysis is provided highlighting the fraud types that have been subject to investigation by the Southern Internal Audit Partnership across the County Council over the previous three years.

TYPE	18/19	19/20	20/21
SOCIAL CARE	9	12	1
SCHOOL RELATED	1	3	0
PROCUREMENT	3	0	1
PENSIONS	1	0	1
P-CARD	4	2	0
EMPLOYEE/ RECRUITMENT	4	3	1
BLUE BADGE	3	4	2
MANDATE	5	4	1
OTHERS	2	2	2
TOTAL	32	30	9

It should be acknowledged that the figures relate to areas of investigation and not proven fraud. The 'fraud types' evident in the table are reflective of national trends and as such are not issues unique to the County Council.

3. Proactive Approach

Whilst the established process to reactive fraud assists the County Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent, and detect fraud risks across the organisation.

During the year we have revised and redesigned our approach to themed based proactive reviews. These now take a more holistic overview of controls that are designed specifically around fraud prevention/detection. The results of these reviews are presented to management and designed to highlight specifically where fraud controls are less robust or are omitted. Reports contain case study examples of where fraud within the public sector have occurred and provide best practice/recommended practice checklists for management. Themed areas covered during 2020-21 include procurement and mandate fraud. The following table outlines the completion of planned proactive work for 2020-2021:

Planned Activity for 2020-2021	Scope	Completed	Comment
National Fraud Initiative	To facilitate the timely delivery of the upload NFI 2020 data and review of matches.	✓	All data uploads successfully completed in accordance with the Cabinet Office deadlines. Match reports released in January 2021 and investigation into these is ongoing.
Proactive Fraud Review – Direct Payments	Control mapping of the key stages within the direct payment process to identify those areas particularly exposed to fraud risk.	On-going	Control mapping to identify the key areas of fraud risk within the process has been completed. The results will be collated into a high level summary report identifying the key fraud risk areas that the Council is exposed to and will be supported by a fraud risk checklist.

Planned Activity for 2020-2021	Scope	Completed	Comment
CIPFA Fraud Survey	Completion of the annual CIPFA fraud survey	✓	Completed Q2 in line with the revised timescale set by CIPFA.
Proactive fraud Review – Mandate Fraud	Control mapping of the key stages within the payment process regarding any changes to supplier bank accounts to identify those areas particularly exposed to fraud risk.	✓	Generally found to be meeting 'good practice' expectations with some opportunities identified for enhancements to the existing framework.
Proactive fraud Review – Procurement	To review existing processes and controls against the good practice guidance issued by the MHCLG in June 2020, 'MHCLG review into the risks of fraud and corruption in local government procurement'.	✓	Generally found to be meeting 'good practice' expectations with some opportunities identified for enhancements to the existing framework.
Training & Awareness	Develop an effective fraud awareness training programme for Members and Officers.	✓	Delivered Procurement Card training virtually via MS Teams in light of the COVID-19 pandemic. This included a recorded session that can be rolled out to any members of staff that have not been able to attend any of the sessions. An eLearning course on general fraud awareness has been developed which forms part of the suite of mandatory training for all staff.
Annual Report on Fraud & Irregularity	To produce an end of year report to those charged with governance.	✓	

The scheduled proactive audit of Payroll Expenses was deferred to accommodate the review of Procurement. Payroll expenses is now planned for 2021-22

Advice – We continue to respond to requests for advice and assistance relating to potential fraud/control issues. During 2020/21 in addition to the reactive and proactive work summarised above we have provided 98 separate pieces of advice/assistance across all areas of the County Council’s operations.

4. Ongoing initiatives

We have maintained a number of initiatives throughout the year to ensure the Southern Internal Audit Partnership remains responsive to the fraud needs of the County Council and maintains consistently high standards:

- Facilitate a ‘Fraud Hotline’ (telephone and email) for members of staff or the public to report instances of suspected fraud;
- Fraud Awareness Bulletins, providing oversight of emerging fraud risk threats and advice;
- Compliance with the Public Sector Internal Audit Standards;
- Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption;
- Responsible Authority within the County Council’s Whistle blowing Policy (Confidential Reporting Policy).

5. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the County Council with whom we have made contact in the year. We are particularly appreciative in what has been an extremely challenging year in light of the COVID-19 pandemic for their ongoing support and assistance in enabling us to undertake our work during the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
June 2021