

Partneriaeth Pen-y-Bont a'r Fro  
Bridgend & Vale Partnership  
working together - gweithio ar y cyd



## **FRAUD STRATEGY AND FRAMEWORK 2018-19 / 2020-21**

**BRIDGEND COUNTY BOROUGH COUNCIL**

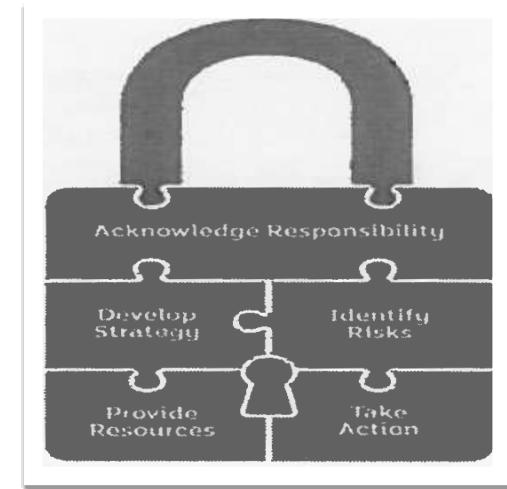
## **CONTENT**

- 1. Introduction**
- 2. The Changing Face of Fraud**
- 3. Reactive Fraud Activity**
- 4. Proactive Approach**
- 5. Fraud Action Plan 2018/19 to 2020/21**
- 6. Six C's Matrix**
- 7. Key Fraud Risks**

## 1. Introduction

Public Service organisations have a responsibility to embed effective standards for countering fraud, corruption and bribery into the organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

The CIPFA Code of Practice on Managing the Risk of Fraud & Corruption published in October 2014, 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 approach to support the management of the risk of fraud, corruption and bribery within the Bridgend County Borough Council.

The Bridgend County Borough Council has a zero tolerance culture to fraud, corruption and bribery.

*“The Council’s culture is one of honesty and opposition to fraud and corruption. There is an expectation and requirement that all individuals and organisations dealing in any way with the Council will act with high standards of property, openness and integrity and that Council employees or its agent(s) at all levels will lead by example in these matters. (Bridgend County Borough Council – Anti-Fraud & Bribery Strategy).”*

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection, investigation of fraud, corruption and bribery (Anti-Fraud & Bribery Policy; Anti-Money Laundering Policy, Whistleblowing Policy). This document provides an extension to the council’s existing policies affording a framework of reactive and proactive initiatives to detect fraud and / or demonstrate assurance that fraud has not taken place.

## 2. The Changing Face of Fraud

The changing context, in which local government services are delivered, the increasing risk of fraud by motivated offenders, reduced local authority resources and associated changes to existing local control frameworks together create a pressing need for a new approach to tackling fraud perpetrated against local government. The principles of the required approach are outlined in (fig 1).

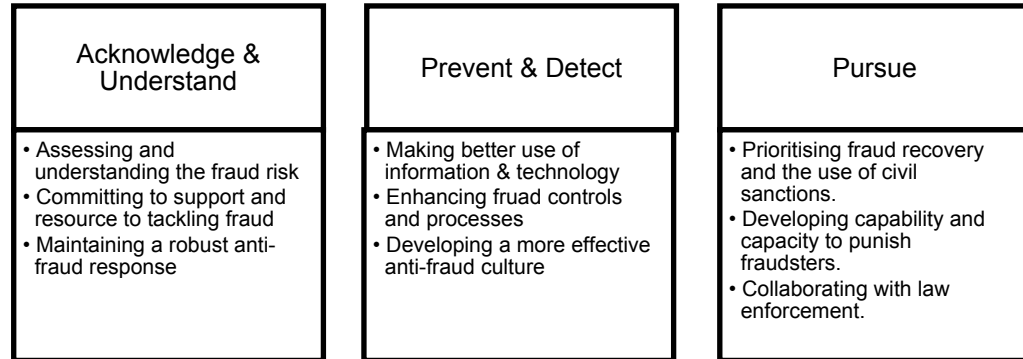


Fig 1 (Fighting Fraud & Corruption Locally – The local government counter fraud & corruption strategy)

These principles are underpinned by having regards to:

Culture

- **Creating a culture in which beating fraud and corruption is part of daily business.**

Capability

- **Ensuring that the range of counter fraud measures deployed is appropriate to the range of risks.**

Capacity

- **Deploying the right level of resources to deal with the level of risk**

Competence

- **Having the right skills and standards.**

Communication

- **Raising awareness, deterring fraudsters, sharing information, celebrating success.**

Collaboration

- **Working across boundaries with other authorities and agencies, sharing resources, skills and learning.**

### **3. Reactive Fraud Activity**

Internal Audit will work seamlessly with management in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews will be co-ordinated by professional staff, in accordance with the Council's Anti-Fraud & Bribery Policy.

Reactive fraud and irregularity work is unpredictable with regard its level and duration; however, Internal Audit will monitor this during the year and support management where deemed necessary.

### **4. Proactive Approach**

Whilst the established process to reactive fraud assists the 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 deter fraud risks across the Council.

Such proactive measures have been designed alongside the themes outlined within the "Six Cs" (Culture, Capability, Competence, Communication and Collaboration).

Internal Audits' understanding of the Council's service activities coupled with research from benchmarking with other local authorities / publications and national surveys fraud risks have highlighted a list of areas for consideration as part of the Council's proactive fraud activities for 2018/19.

It is also recognised that 2018 is a National Fraud Initiative investigation year and as such Internal Audit will be facilitating this process.

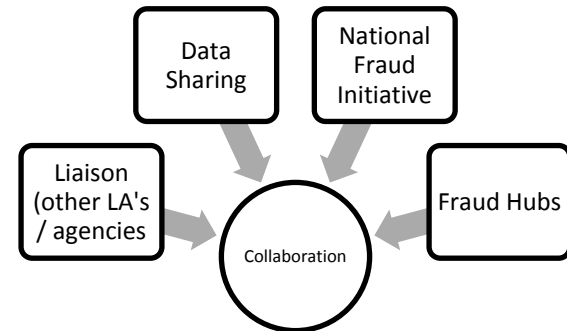
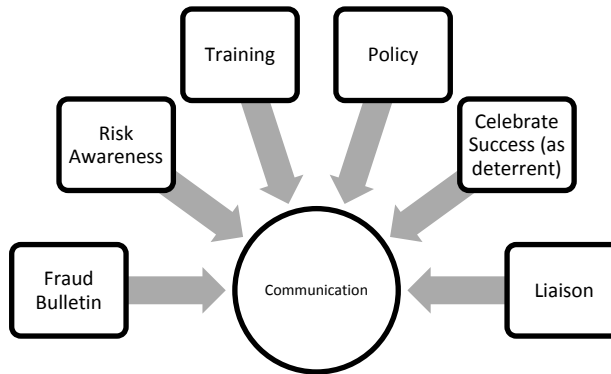
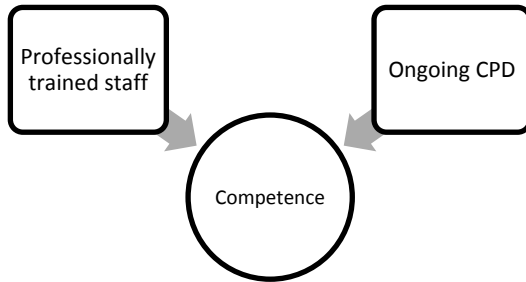
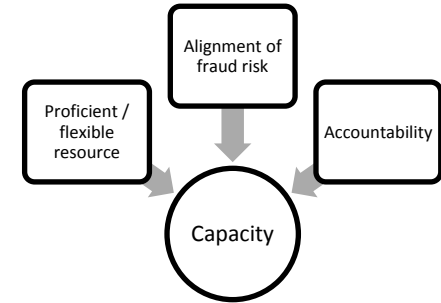
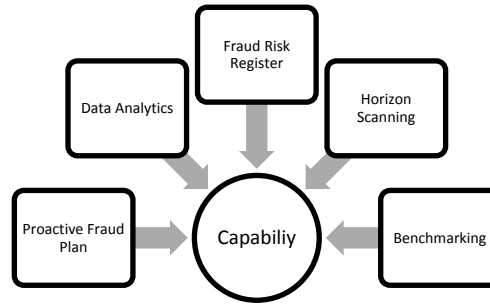
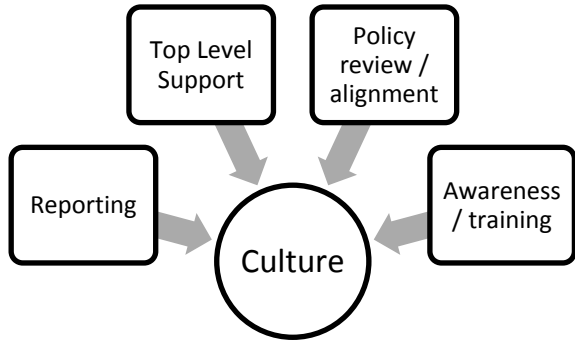
## 5. Fraud Action Plan 2018/19 to 2020/21

A self-assessment against the Fighting Fraud & Corruption Locally 2016 was completed and an action plan put in place to stimulate improvement. Building on this intelligence and through locally retained knowledge and expertise the following action plan of proactive fraud activity is proposed for 2018/19 to 2020/21

Activity	Scope	Allocated Resource (days)	Responsible Officer	Due Date	Expected Outcome
Fraud Risk Registers	To develop fraud risks register(s) and align to complement the existing risk management approach.		Internal Audit	April 2019	Key fraud risks aligned to the Council on which to monitor and focus future proactive fraud activity.
Fraud Risk Register	Maintain the fraud risk register and regularly monitoring trends to identify areas of high risk		Internal Audit	Ongoing to 2020/21	Focussed proactive work in accordance with outcome of the trend analysis.
National Fraud Initiative	To facilitate the timely delivery of NFI 2018 /19 data matches. Undertake integrity checks on a sample of cleared matches to ensure robustness / quality of review and select of sample of high risk matches across the spectrum to investigate.		Internal Audit	Oct 18 To Oct 19	Investigation of all recommended matches as reported in the NFI download in a timely manner and in accordance with the guidance.
Develop devoted fraud internet / intranet pages	Regularly monitor progress against recommended matches throughout the duration of the exercise. To enable a clear and concise point of reference for necessary information on fraud and irregularity maximising the potential of digital to enhance the user experience.		Internal Audit	Ongoing to 2020/21 April 19	Through engagement with Comms / Web design, create an interactive web/intranet page maximising the use of digital to effectively communicate and embed cultural awareness.
Training & Awareness	Maintain the fraud internet / intranet pages to ensure they are kept up to date. Develop an effective fraud awareness training programme for Members and Officers.		Internal Audit	April 19	To develop and roll out training model corporately and delivery of bespoke training from Members. Assess and deliver focused areas of officer training (Bribery Act, Fraud Act, Money Laundering).
	Provide ongoing training as required for the duration			Ongoing	

	of the action plan		to 2020/21	
Data Analytics	To maximise the use of data analytics and data matching to match electronic data to detect and prevent fraud.	As Above	April 19	To complement the NFI through a suite of data matches across the Council providing real time identification of instances requiring further investigation.
Develop alerts and newsletters to raise awareness and notify readers of new and potential fraud risks.	Develop alerts and newsletter across the Council.	As above	April 19	Knowledge sharing and awareness disseminated across the Council.
	Produce Newsletters at regular intervals throughout the duration of the action plan.		Ongoing to 2020/21	
No Recourse to Public Funds	With a national increase in applications there has been a consequent increase in attempts by fraudsters to obtain public funds via false applications. Also a developing trend for individuals to make multiple applications across different authorities. This can be linked to the NFI 2018 data matching exercise.	As above	April 19	Investigation of potential fraudulent activity or provision of assurance that controls to mitigate recognised fraud is working.
Annual Report on Fraud & Irregularity	To produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives.	Head of Audit	April 19	To present a report to CMT and Audit Committee outlining progress against
			April 20	
Schools	Conduct a "Fraud Health Check" across school establishments to attain assurance over the controls and governance in place to mitigate the potential for fraud.	Internal Audit	April 21 March 2021	To consolidate findings and relay to all schools and Governors through the most appropriate medium (newsletter, conference etc..)

## 6. Six C's Matrix





## 7. Key Fraud Risks relevant to Bridgend County Borough Council

Fraud Risk Area	Overview
Internal Fraud	Diverting Council monies to a personal account, accepting bribes, stealing cash, misallocating social housing for personal gain, working elsewhere while claiming to be off sick, false overtime claims, allowances / expenses claims, misuse of time / resources, conflicts of interest, inappropriate acceptance of gifts & hospitality, manipulation of key systems i.e. payroll, pre-employment fraud, abuse of position etc.
Procurement Fraud	Tendering issues, split contracts, double invoicing (include PurchasingCards).
Insurance Fraud	Fictitious claims, including slips and trips
Disabled Facilities Grants	Fraudulent applications for adaptations to homes aimed at the disabled.
Grants	Work not carried out, funds diverted, ineligibility not declared.
Schools	Procurement fraud, payroll fraud, internal fraud.
No recourse to public funds	False declarations and ineligibility to public funds
Commissioning of services	Including joint commissioning, third sector partnerships, conflicts of interest, collusion.
Financial Assessments	Non-disclosure of assets. Charging policies impacted by Care Act.
NFI – Tenancy Fraud, Payroll, Council Tax, Blue Badges, Pensions	Examine how robust NFI recommended matches are investigated.

This list is not exhaustive