Somerset West and Taunton Council

Audit and Governance Committee – 13 March 2023

Fraud Outturn Report 2022/23

This matter is the responsibility of Executive Councillor Member for Communications and Corporate Resources, Cllr Benet Allen

Report Author: Amy Tregellas, Governance Manager

1   Executive Summary / Purpose of the Report

1.1   To present the Committee with the outturn position in respect of the actions set out in the SWAP Baseline Assessment of Maturity in relation to Fraud report.

2   Recommendations

2.1   The Committee note the outturn position report.
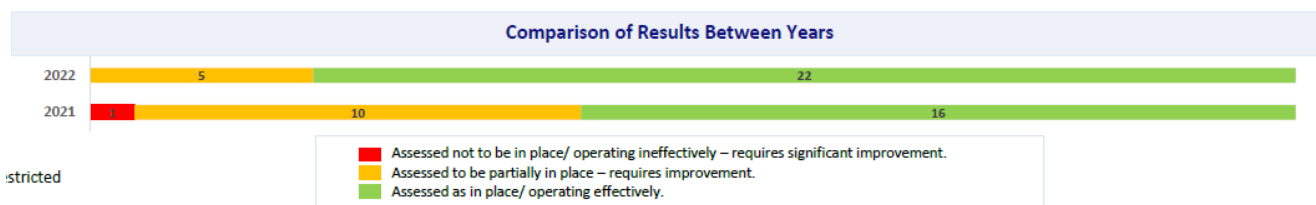
3   Risk Assessment

3.1   Failure to have a robust Anti-Fraud framework in place to reduce the risk of fraud and corruption could result in the Council suffering financial loss, impacting on the services delivered by the Council and ultimately its reputation.

4   Background and Full details of the Report

4.1   SWAP Internal Audit completed their baseline assessment of maturity in relation to fraud in March 2021, and this was presented to the Audit and Governance Committee on 13 September 2021 (Appendix A).

4.2   A follow up review was completed in August 2022 (Appendix B) and presented to the Audit and Governance Committee on 12 September 2022.

4.3   The follow up report demonstrated that progress had been made in completing the actions recommended by SWAP.

Comparison of Results Between Years

2022	5	22
2021	1	10	16

🟥 Assessed not to be in place/ operating ineffectively – requires significant improvement.
🟧 Assessed to be partially in place – requires improvement.
🟩 Assessed as in place/ operating effectively.

4.4   The purpose of this report is to provide a final update on the progress that has been made in completing the actions recommended by SWAP.

Action	Priority	Update
Present the baseline assessment of maturity in relation to fraud to key stakeholders and assign responsibility for management of actions	Now	**Completed -** the March 2021 assessment report was presented the Audit & Governance Committee in September 2021. The follow up assessment report was presented in March 2022. Monitoring of actions assigned to the Governance Manager and Monitoring Officer.
Present to the Audit & Governance Committee an annual fraud plan for agreement	Now	**Completed** – the SWT annual fraud plan for 2022/23 was approved by the Audit & Governance Committee on 13 June 2022.
The Terms of Reference of the Audit and Governance Committee need to be expanded to include a requirement to approve and monitor the Council's counter fraud plan	Now	**Completed** – The Terms of Reference were updated to reflect responsibility for fraud reporting. They were considered by the Audit and Governance Committee on 12 September 2022 and approved by Full Council on 29 September 2022.
Present to the Audit & Governance Committee reviewed Anti-Fraud and Corruption Policy/Strategy	Now	**Completed** - The Anti-Fraud and Corruption Strategy was last approved by the Executive on 27 April 2021. Normally the Policy/Strategy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.
Present to the Audit & Governance Committee reviewed whistleblowing policy	Now	**Completed** - The Whistleblowing Policy was last approved by the Executive on 27 April 2021. Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.

Action	Priority	Update
Present to the Audit & Governance Committee reviewed Anti-Bribery Policy	Now	**Completed** - The Anti-Bribery Policy was last approved by the Executive on 27 April 2021. Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.
Present to the Audit & Governance Committee reviewed Anti-Money Laundering Policy	Now	**Completed** - The Anti-Money Laundering Policy was last approved by the Executive on 27 April 2021. Normally the Policy would be reviewed every two years. This has been superseded by Local Government Reorganisation and has been picked up by the Finance Workstream.
Complete risk assessment process with SWAP and assign responsibility for ongoing management of the process	Immediate Future	**Superseded by Local Government Reorganisation** - SWAP is working with colleagues in the Finance workstream on the risk assessment.
Publish the following and make available to key stakeholders: The approved: 1. Anti-Fraud and Corruption Strategy 2. Whistleblowing Policy 3. Anti-Bribery Policy 4. Anti-Money Laundering Policy	Immediate Future	**Completed** – the approved policies have been published on the website
Ensure contractors sign up to the Council's Whistleblowing Policy	Immediate future	**Superseded by Local Government Reorganisation** - This has been picked up as part of the Procurement workstream for Local Government Reorganisation (LGR)

Action	Priority	Update
Agree and implement a training plan for staff and Members in relation to fraud and ethics	Shorter-Term	**Completed** - Staff had to complete the e-learning modules of Fraud Prevention, Anti-Fraud Policy and Whistleblowing by 31 August 2022. A Member briefing session on ethical awareness took place on 11 January 2023. The subject of fraud and corruption is a featured article in edition 3 of the Members Ethical Newsletter, published end February 2023.
Ensure that fraud and corruption risk is referenced in the Risk and Opportunity Management Strategy and the strategic risk register	Shorter-Term	**Completed** - The Risk and Opportunity Management Strategy for 2022/23 includes reference to Fraud and Corruption risks and was approved by the Audit & Governance Committee on 22 March 2022.
Consider fraud risk in the Directorate Risk Registers	Medium-Term	**Superseded by Local Government Reorganisation** - This action is to be fed into the transition work for the Unitary Council
Update staff and Member code of conduct documents to direct fraud reference	Medium-Term	**Completed** – The LGR Governance workstream drafted a new Somerset wide Code of Conduct. This was adopted by SWT Full Council in September 2022. Both the Member and Officer Codes of Conduct for Somerset Council were approved at the SCC Full Council meeting on 22 February 2023.
Ensure relevant strategies and policies are subject to ongoing scrutiny and review by trained counter-fraud resource	Longer-Term	**Superseded by Local Government Reorganisation** This action is to be fed into the transition work for the Unitary Council

4.5   The Council has completed all actions other than those which have been superseded by Local Government Reorganisation. Those remaining actions are being picked up by SWAP with the LGR Finance Workstream.

5   Links to Corporate Strategy

5.1   Having an effective Anti-Fraud framework in place is crucial for identifying risks associated with fraud and corruption and ensuring that the delivery of the Council's Corporate Strategy is not impacted. It also forms a fundamental element of being a well-managed Council.

6   Finance / Resource Implications

6.1   Failure to mitigate fraud and corruption risks could result in financial loss to the Council.

7   Legal Implications

7.1   Failure to mitigate fraud and corruption risks could result in a number of legal implications for the Council.

8   Climate and Sustainability Implications

8.1   None arising from this report.

9   Safeguarding and/or Community Safety Implications

9.1   None arising from this report.

10   Equality and Diversity Implications

10.1   None arising from this report.

11   Social Value Implications

11.1   None arising from this report.

12   Partnership Implications

12.1   None arising from this report.

13   Health and Wellbeing Implications

13.1   None arising from this report.

14   Asset Management Implications

14.1   None arising from this report.

15   Data Protection Implications

15.1   None arising from this report.

16   Consultation Implications

16.1   None arising from this report.

Democratic Path:

- **Audit and Governance Committee – Yes**

- **Executive – No**

- **Full Council – No**

Reporting Frequency: Annually

List of Appendices

| Appendix A | SWAP Baseline Assessment of Maturity in relation to Fraud March 2021 |
| Appendix B | SWAP Baseline Assessment of Maturity in relation to Fraud August 2022 – follow up |

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