



Committee Report

ISLE OF WIGHT COUNCIL

Committee	AUDIT AND GOVERNANCE COMMITTEE
Date	11 DECEMBER 2023
Title	ANNUAL FRAUD, IRREGULARITY AND WHISTLEBLOWING REPORT 2022-23
Report of	CHIEF INTERNAL AUDITOR

1. Executive Summary

- 1.1 This report is to inform the committee of any incidents of fraud and irregularity experienced by the council during the period 1 April 2022 to 31 March 2023. All cases are reported at the conclusion of an investigation and where applicable a prosecution.

2. Recommendation(s)

- | |
|--|
| 2.1 The Audit and Governance Committee notes the report of the Chief Internal Auditor. |
|--|

3. Background

- 3.1 The council continues to have a comprehensive array of strategies and associated policies to counter the risk of fraud and corruption, including:
- Counter-Fraud and Corruption Strategy
 - Codes of Conduct for employees and for members
 - Audit and Governance Committee
 - Financial Regulations
 - Contract Standing Orders and associated Procurement Code
 - Policies and processes, including Gifts & Hospitality
 - Monitoring Officer and Section 151 Officer
 - Complaints Policy
 - Whistleblowing Policy
 - National Fraud Initiative
 - Internal audit
 - External audit
 - Compliance with transparency requirements
 - Systems and controls which are designed to counter-fraud and error

- Processes for managing risks
- A comprehensive system of budget monitoring

4. Corporate Priorities and Strategic Context

- 4.1 As the steward of public funds and the custodian of public assets, the council must ensure that its operations are protected from fraud. If undetected, fraud will mean that taxpayers' moneys and contributions received from service users will be wasted and not available for spending on services, placing even more pressure on the council's budget.

Provision of affordable housing for Island Residents

- 4.2 There are no direct impacts within this report that will affect this corporate priority.

Economic Recovery and Reducing Poverty

- 4.3 There are no direct impacts within this report that will affect this corporate priority.

Impact on Young People and Future Generations

- 4.4 There are no direct impacts within this report that will affect this corporate priority.

Corporate Aims

- 4.5 Supports the Corporate Plan core value of being fair and transparent and the aspiration to Keep the Isle of Wight Council solvent and take all the measures we can to improve the financial position of the council.

5. Work Carried Out

General

- 5.1 Joint working with the Department of Work and Pension (DWP) for the year have resulted in six cases being investigated. The DWP take the lead for joint working and determine actions proposed. All six cases are awaiting finalisation.
- 5.2 Twenty-Three cases either Council Tax reduction or Housing Benefits were investigated. Sixteen of those have identified and created overpayments of £2,266 and £8,638 respectively.
- 5.3 Four instances of thefts with an estimated value of below £5,000 occurred where either support was provided to the service to investigate, or an investigation/ audit was performed by Internal Audit. For two of these cases the perpetrators were identified and no longer work for the authority. For the remaining two, the perpetrators could not be identified however control arrangements have been significantly enhanced.
- 5.4 Work is ongoing in several areas which includes the following:
- Coordinating the National Fraud Initiative (NFI) requirements (a mandatory requirement of the Cabinet Office). The biennial data submission results are currently in the process of being reviewed.

- Data analytics using the functions of IDEA (software tool) has been set up for duplicate payments. During the 2022/23 financial year a total of 11 duplicate payments were highlighted, at a total value of £28,838.22. Of this £23,097 has been recovered.
- The reviewing of relevant policies and processes that are in place for the investigation of theft/ fraud and misappropriation across areas of the council.

Direct Payments

- 5.5 Direct Payments investigations have also continued, with four current cases under investigation. An update will be provided in due course.

Traffic Offences

- 5.6 Assistance is provided to the Parking Service in relation to the misuse of disabled blue badge. Three cases have resulted in the offender being interviewed under caution, with a further four cases issued warning notices.

Whistleblowing

- 5.7 There has been no instances of whistleblowing reported during the period 1 April 2022 to 31 March 2023. Arrangements are in place to record concerns raised this includes, a whistleblowing register and unique email address called 'Whistleblowing' which is aimed at providing individuals with a means of formally raising their concerns in a confidential manner.

6. Consultation And Engagement

- 6.1 Internal consultation has taken place over this report, liaising with those responsible for receiving and recording incidents of whistleblowing in accordance with policy and with senior management who are often the recipients of allegations of irregularity.

7. Financial / Budget Implications

- 7.1 Fraud, if undetected will have a direct impact on the council's financial well-being and will deny the use of resources for service delivery or to meet the council's savings requirements.

8. Legal Implications

- 8.1 There are no direct legal implications of this report. The council has a duty to administer its financial affairs in a proper manner. Part of that requirement is that the council must protect itself, taxpayers and service users from the risk of fraud and other irregularity. The council may initiate prosecutions for fraud or liaise with appropriate body depending on the type of offences alleged.

9. Equality And Diversity

- 9.1 The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and

marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

10. Property Implications

10.1 There are no direct property implications of this report.

11. Risk Management

11.1 It is important for the council to recognise the risk from fraud. That means it must continue, as a minimum, to use the measures that are set out in paragraph 3 to counter that risk. Investment in anti-fraud measures can be cost-effective in reducing the cost of fraud which has the potential to impact on over £300 million of council spending and income. There is a fraud risk held on the council's risk register intended to manage the risk of fraud and to ensure that controls continue to operate to counter the risk.

Contact Point: Elizabeth Goodwin, *Chief Internal Auditor*, ☎ 02392 834682
e-mail Elizabeth.goodwin@portsmouthcc.gov.uk

CHRIS WARD
Director of Finance and Section 151 Officer

CLLR ANDREW GARRATT
*Chairman of the Audit and Governance
Committee*