



Purpose: For Decision

Committee report

Committee	AUDIT COMMITTEE
Date	6 DECEMBER 2021
Title	ANNUAL FRAUD, IRREGULARITY AND WHISTLEBLOWING REPORT 2020-21
Report of	CHIEF INTERNAL AUDITOR

EXECUTIVE SUMMARY

1. This report is to inform the committee of any incidents of fraud and irregularity experienced by the council during the period 1 April 2020 to 31 March 2021. All cases are reported at the conclusion of an investigation and where applicable a prosecution. For the period noted there is one case to report.

BACKGROUND

2. 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 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

STRATEGIC CONTEXT

3. 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.

WORK CARRIED OUT

General

4. Due to the COVID19 and the increase on the level of Family and Universal Credit applications being submitted, the Department of Working Pensions (DWP) disbanded all their fraud teams to other departments to assist with front line applications. Consequently, there has been no Joint working with the DWP Fraud investigations for the period March 2020 to September 2021.
5. Twelve of the joint working cases that were open with the DWP prior to Covid (including those that were already with the Crown Prosecution Service (CPS)), have been closed by the DWP.
6. One case remains open and an interview under caution has occurred. The file is now with the DWP Decision Maker.
7. 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 bi-annual data submissions are currently in the process of being uploaded.
 - Data analytics using the functions of IDEA (software tool) has been set up for duplicate payments. The results of which will be used in due course. The Direct Payments analysis is in progress and other high-risk areas will be progressed in due course.
 - The reviewing of relevant policies and processes in place for the investigation of theft/ fraud and misappropriation across areas of the council.

Direct Payments

8. Direct Payments investigations have continued throughout Covid, and as a result two cases have been presented to the Isle of Wight Authority Panel. The decision of the panel for these cases is that both the claimant and additional individual (who had aided and abetted the fraud) should be prosecuted. The cases have been allocated Legal Services have been instructed.
9. In relation to the cases mentioned above, Invoices have been issued to recover the overpaid Direct payments as follows: -

£ 76,541.11 (invoices raised February 2021)

£14,998.53 (invoice raised May 2021)

Traffic Offences

10. The Isle of Wight Parking Service have begun the process of introducing Enforcement action to address the Misuse of Disabled Blue Badge.
11. As a result, the first case is under consideration for prosecution.

Whistleblowing

12. There has been one instance of whistleblowing reported during the period 1 April 2020 to 31 March 2021. This was a COVID related safeguarding concern, raised by a staff member. Following independent review concerns were not substantiated. However, the Council has implemented a number of enhancements to processing, following the completion of the independent review.
13. Arrangements are in place to record concerns raised this includes, a whistle-blowing register and unique email address called 'Whistle-blowing' which is aimed at providing individuals with a means of formally raising their concerns in a confidential manner.
14. The Council has ceased its membership with 'Protect' previously known as 'Public Concern at Work' (registered charity providing independent and free confidential support for whistle-blowers), as a budget saving measure.

CONSULTATION

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

FINANCIAL / BUDGET IMPLICATIONS

16. 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.

LEGAL IMPLICATIONS

17. 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.

EQUALITY AND DIVERSITY

18. 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.

RISK MANAGEMENT

19. 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 2 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.

RECOMMENDATION

20. That the report of the Chief Internal Auditor be noted.

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

CHRIS WARD
Director of Finance & Section 151 Officer

CLLR ANDREW GARRATT
Chairman of the Audit Committee