



INTERNAL AUDIT

ANTI-FRAUD & CORRUPTION AUDIT PLAN

2024/25

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Background

The Council's overall arrangements for preventing, detecting and investigating fraud and corruption are regularly reviewed and assessed by Internal Audit.

The following key policies are in place within the Authority:

- Anti-Fraud and Corruption Policy
- Whistle-Blowing Policy
- Declarations of Interests, Gifts and Hospitality Policy
- Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy
- Financial Regulations
- Employee/Member Codes of Conduct

Introduction

Managing the risk of fraud and corruption is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

Nevertheless, Internal Audit has a key role to play in the prevention, detection, and investigation of fraud and corruption.

Internal Audit maintains the Council's Corporate Fraud Risk Register and ensures any high scoring risks are considered for inclusion in individual service risk registers.

The Corporate Fraud Risk Register is used to identify key Council fraud and corruption risks and to allow Internal Audit to allocate its resource and regularly review these key risks as part of the annual audit plan.

2024/25 Annual Fraud Risk Assessment

The audit of fraud and corruption is an important feature of the Audit Plan and comprises of three main elements:

- An assessment of all or part of the Council's overall arrangements for preventing and detecting fraud and corruption;
- Ensuring counter-fraud and corruption work is incorporated within planned audits across directorates (e.g. payroll, creditors);
- Review and testing of specific risk areas that are not covered by planned audits.

Time has been allocated in the 2024-25 Audit Plan to carry out pro-active prevention and detection work on fraud and corruption, including the specific risk areas not covered by planned audits. This time also includes work on the co-ordination of the National Fraud Initiative (NFI) data matching exercise.

The 2024-25 Audit Plan has also allocated days to undertake investigative work to be carried out if fraud or corruption is suspected or detected.

Corporate Fraud Work

Fraud checks on Council housing services (right to buy) will be carried out by the Corporate Fraud Specialist within Internal Audit, as well as providing specialist support for Blue Badge and housing tenancy fraud. In addition, Internal Audit are undertaking a pilot Council Tax Single Person Discount Project with the aim to increase Council Tax yield by removing discounts that have been incorrectly applied.

	ANTI-FRAUD AND CORRUPTION WORK PLAN 2024/25			
REF	PLANNED ACTIVITY	Core Audit DAYS	Investigation DAYS	Corporate Fraud DAYS
	STRATEGIC			
1.1	Review of Best Practice – against CIPFA & other guidance	2		
1.2	Fraud Risk Assessment – review and update	2		
1.3	Fraud Surveys – complete	1		
	CULTURE & DETERRENCE			
2.1	Issue fraud alerts - review types of frauds occurring & inform officers\managers	3		
2.2	E-learning - review use of e-learning module	1		
2.3	Counter Fraud Policies - annual review	2		
	PREVENTION & DETECTION			
4.1	Proactive analytical fraud detective work			
4.2	Contract Award (all services)	25		
4.3	Bank Mandate Fraud (Finance)	5		
4.4	Cash Income (all services)	20		
4.5	Direct Payments (Children's Services)	15		
4.6	Planning Applications (Destination & Planning)	15		
4.7	Procurement Cards (all services)	20		
4.8	Homecare and Residential Care Payments (Adult Social Care)	15		
4.9	NFI Data-matching support and investigation	30		
4.10	Corporate Fraud Work - Housing Allocation\Tenancy\Right to Buy\ Blue Badges & Council Tax Single Person Discounts Pilot			235
	INVESTIGATION			
5.1	Counter Fraud Work - responding to suspected irregularities		100	20
	SANCTION/REDRESS			
6.1	Regular review of internal audit investigation log to confirm that sanctions applied are consistent and in accordance with policy	1		
6.2	Prosecution\Penalties for external fraud e.g. Housing Tenancy			5
	DEFINING SUCCESS			
7.1	2025-26 Counter Fraud Plan – prepare and complete	2		
7.2	Annual Report to Audit & Governance Committee – production	1		
	TOTAL ALLOCATED DAYS 2024/25	160	100	260
	GRAND TOTAL ANTI-FRAUD & CORRUPTION DAYS	520		

KEY FRAUD RISK AREAS (FROM CORPORATE FRAUD RISK REGISTER)

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Mandate Fraud Fraudulent attempt to change bank account details for a supplier	12	- Annual Creditors audits	Review bank mandate fraud prevention arrangements
Creditor Payments Creditor payments made to incorrect supplier	12	- Annual Creditors audits - 21/22 duplicate payments review carried out - NFI biennial exercise (last Jan 2023).	-
Procurement Unfair award of contract to a supplier / incorrect payment made to suppliers	12	- BCP audit review 2023/24	Further review/testing of BCP contract award arrangements
Cybercrime Illegal activities conducted using computers or networks, encompassing hacking, fraud, identity theft, and other malicious actions online	12	- BCP cyber security audit review 2021/22 - Network security audit review 2023/24	-
Grant Award False payment of grants to private individuals, companies, charities / misuse of grant funding	9	- Includes COVID grant awards – Internal Audit assurance work carried out 2020/21/22 - BCP Grant Award audit review 2022/23	-
Income Money due to the Council is intercepted	9	- 2019/20 BCP cash income checks carried out	Review cash income collection arrangements
Council Tax Discount Fraud Council Tax Discount claimed despite not being eligible thus undermining Council Tax income and budget situation	9	- Annual Council Tax audits - Council Tax Single Persons Discounts Pilot 2023/24	Council Tax Single Person Discount Pilot continued by Internal Audit
Financial Assessments Financial circumstances are not accurately disclosed, resulting in incorrect contribution calculation	9	- Annual Key Financial System reviews	-
Residential Care / Homecare Payments Residential care payments made when either the client does not exist, or no notification was made of deceased resident	9	- Annual Key Financial System reviews - Reviewed payments to residential and homecare clients 2023/24	-
Direct Payments (Adult & Children) Direct payments are not spent as per care plan activities	9	- Children's audit review 2019/20 (Family & Inclusion) - Adults audit review 2021/22/23	Review direct payment expenditure controls
Housing Tenancy Incorrect declaration of circumstances leading to Council property being obtained / Council property is illegally sub-let / Council property is not lived in by tenant	9	- BCP audit review 2023/24	Corporate Fraud work to advise on applications. NFI data matching work.
Housing Right to Buy Obtaining discount and property by providing false records of circumstances	9	- BCP audit review 2022/23	Corporate Fraud work on applications

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Recruitment Individual wrongfully obtaining employment using false information	9	- BCP audit review 2021/22	-
Planning Applications Incorrect information given in order to wrongfully obtain planning permission	9	- BCP audit review 2020/21	Review planning application process
Schools Creditor payments, expense payments, funding payments and payroll	9	- Ongoing school audits	-
Council Tax Reduction Scheme (CTRS) Submitting false information in order to wrongfully gain CTRS	8	- Annual Housing Benefit audit - NOTE BCP Revs responsibility	-
Business Rates Incorrect declaration of circumstances leading to incorrect rates being charged	6	- Annual NDR Key Financial System audits - Small Business Relief data matching work 2019/20 - NOTE BCP Revs responsibility	-
Blue Badge Use of a counterfeit / stolen / deceased / fraudulently obtained Blue Badge	6	- BCP audit review 2021/22	Corporate Fraud support work
Procurement Cards Fraudulent use of procurement card such as personal use	6	- BCP Counter Fraud Review 2020/21 - BCP audit review 2021/22	Review procurement card expenditure
Concessionary Travel Gaining access to Concessionary travel using false or omitted information / fraudulent use of permit	6	- BCP audit review 2020/21 - NFI biennial match to deceased process	-
Treasury Management Payments Fraudulent bank transfer payments made disguised as genuine treasury management transactions	4	- BCP audit review 2023/24	-
Theft of Assets Assets and / or data stolen / used for personal use	4	- Asset Management Key Assurance Function service reviews	-
Employee False Claims Inappropriate employee claims for expenses and / or time	4	- BCP Counter Fraud Review 2020/21 & 2023/24 (expenses only) - Payroll Key Financial System audits	-
Licences Obtaining licence through provision of false information	4	- Covered with Identity Fraud audit review 2022/23	-
Debt Collection Debts written off / reduced incorrectly (intentional)	4	- Annual Debtors audit	-
Serious and Organised Crime Council fails to prevent serious and organised crime	4	- BCP audit review 2021/22	-

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Identity Fraud Somebody uses someone else's identification / personal data to gain services / funds to which they would not otherwise be entitled	4	- BCP audit review 2022/23	-
Councillor Declaration of Interests Non-compliance with law	4	- BCP audit review 2022/23	-
Employee Declaration of Interests Non-compliance with law	4	- BCP audit review 2020/21 - Annual review of senior officer form completion - Targeted training and awareness sessions - Operations	Targeted training and awareness sessions – led by CIA
False Insurance Claims Fraudulent insurance claim paid by the Council	3	- BCP Insurance audit review 2020/21	-
“Ghost” Employee Payments Payments made when the employee does not exist	2	- Annual payroll audits	
Schools Allocations Submission of false information to gain a place at a preferred school	2	- School Admission arrangements reviewed 2023/24	-
Recourse to Public Funds Persons gaining access to services/funds to which they are not entitled through false or omitted information	2	- BCP audit review 2020/21	-
Local Welfare Assistance Fund Falsely claiming entitlement to crisis payment financial assistance	2	- BCP audit review 2019/20 & 2020/21	-
Sham Marriages Council allows a marriage to proceed without carrying out adequate checks	2	- BCP audit review 2021/22	
Policy Compliance			
Criminal Finances Act	4	- BCP audit review 2022/23	-
Anti-Money Laundering	4	- BCP audit review 2022/23	-
Anti-Bribery & Corruption	4	- BCP audit review 2023/24	-
Regulation of Investigatory Powers Act and Investigatory Powers Act	4	- BCP audit review 2023/24	-