



devon**audit**partnership

Counter Fraud Services

Devon County Council

Devon Audit Partnership

Counter Fraud Update

Audit Committee September 2022

CUSTOMER
SERVICE
EXCELLENCE



Support, Assurance and Innovation

1. Introduction

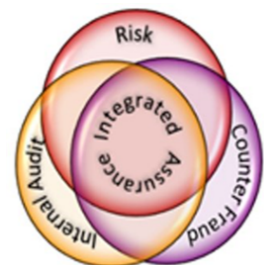
- 1.1 The Counter Fraud Services Team within [Devon Audit Partnership](#) (DAP) continues to support and facilitate the development of the Council's Counter Fraud processes and capability to improve its resilience to fraud and related offences.
- 1.2 The ongoing work will assist all Council staff, management, and members in identifying fraud and the risks associated with it. The aim is to ultimately provide the highest level of assurance possible utilising a joined-up service in association with our colleagues involved in Audit, Risk Management, and the Council itself to minimise fraud loss to the lowest level possible.
- 1.3 Audit Committee members requested regular updates on the Council's Counter Fraud activity to improve accountability; this report aims to meet this requirement and that required under the Anti-Fraud, Bribery and Corruption Policy and the accompanying Strategy and Response Plan.

2. Embedding the new Policy, Strategy and Response Plan.

- 2.1 The relatively new [Anti-Fraud Bribery and Corruption Policy](#) and the accompanying [Anti-Fraud Bribery and Corruption Strategy and Response Plan](#) are available to view and represent the Councils commitment to fighting fraud and corruption and ensuring that it continues to build resilience in protecting the public purse.
- 2.2 These documents give clear guidance and ensure that all staff and members and the public can report fraud and irregularity suspicions directly to counter fraud specialists retained within the assurance services provided by the Partnership. The team have direct contacts with the Police and other law and enforcement agencies, which in turn ensures that all allegations are taken seriously and dealt with appropriately.

3. Integration of Counter Fraud, Risk Management, and Internal Audit.

- 3.1 The integration between these assurance arms continues to evolve and strengthen. Regular meetings between the relevant managers and staff ensure that cross collaboration is growing and improving so that auditors are aware of fraud and risk issues (See Appendix 2).
- 3.2 Assurance meetings between Devon Audit Partnership and the Director Finance and Public Value (Section 151 Officer), along with members of Finance and Public Value Leadership Team ensure that direction, clarity flexibility continues to improve.
- 3.3 The creation of, and appointment to, a Senior Counter Fraud Officer role within the Partnership has assisted further integration, enabling Audit and Risk Management as well as counter fraud access to a higher level of data analysis capability. This data analysis function is now being used across the Partnership to support DCC in our audit and risk management areas of business, increasing the speed and scope of audit and risk management insights.
- 3.4 The Partnership has now successfully recruited a Trainee Assurance Practitioner (Apprentice) which covers all aspects of assurance (Counter Fraud, Risk Management and Audit skills), alongside the opportunity to obtain the [Level 4 Counter Fraud Investigator](#) qualification. This will further support the partnerships' ability to provide Integrated Assurance to DCC.



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4. National Fraud Initiative

- 4.1 The [National Fraud Initiative](#) (NFI) is an exercise run and reported on by the [Cabinet Office](#) that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.

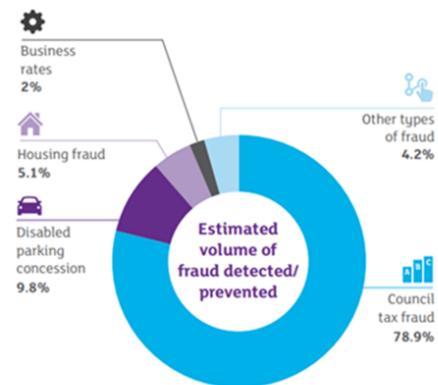


4.2 Devon Audit Partnership acts as the point of contact between the Cabinet Office and the Council in matters relating to the National Fraud Initiative, this being a mandatory Biannual exercise in fraud prevention and detection.

4.3 The next cycle of the NFI National Exercises has started. The last exercise resulted in changes in entitlement which resulted in an (estimated) total of **£1,451,893.86** in potential savings across the Council.

4.4 Devon County Council will be submitting data in the following areas of business.

- Creditors
- Payroll
- Pensions
- Blue Badge
- Concessionary Travel Passes
- Parking Permits



4.5 All Departments concerned have been supplied with the data requirement documents and the data will be run as of 30th September or as near as possible after that date to ensure the consistency of the data. A full timetable for the NFI can be found at Appendix 1.

4.6 Devon Audit Partnership will support and encourage completion of the NFI returns and results will be reported to the Audit Committee in the regular Counter Fraud Updates in future.

5. Investigations and other ongoing work

5.1 In the current financial year, the Counter Fraud Services (CFS) Team have received 49 referrals.

5.2 The CFS team have 34 live investigations. *(Details of individual investigations cannot be disclosed due to the sensitive nature of the information).*

5.3 We continue to support service areas that require data analysis and monitoring of transactions as a result of recent cyber enabled attacks.

5.4 Work towards creation of a Council wide Fraud Risk Register continues and will be reported on in a future update to Audit Committee.

6. Raising Fraud Awareness

6.1 The Counter Fraud Services Manager continues to negotiate a nationally recognised and award-winning publicity campaign which will assist Devon County Council in getting the message out and increasing referral rates across the County.

7. Counter Fraud 2022/23

7.1 During 2021/22 we undertook a review of the DCC strategy and approach, for 2022/23 we proposed the following plan.

- Policy and Strategy – Continued implementation and embedding. **Ongoing**
- Focused reviews – Pensions and Procurement (using data analysis). **To be resourced later in the year**
- Integration with Audit Plan Work - Reducing fraud risk in systems (key areas). **Ongoing**
- Assurance on corporate risk and support for NFI. **Ongoing**
- Investigation of potentially fraudulent activity. **Ongoing**
- Training and Awareness – Blue badge and concessionary travel, setting up processes for linked enforcement, reporting and investigation. **Process now set up and active**

8. Conclusion

- 8.1 The threat from fraud is ever present and constantly changing. We will continue to assist the Council in anticipating these threats and adapting an appropriate response to them.
- 8.2 Devon County Council's Counter Fraud resilience continues to improve, moving towards an ever-stronger assurance position. The continued effort and hard work by those within the Council to protect the public purse is to be commended.

Tony Rose
Head of Devon Audit Partnership

Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams and West Devon councils. We aim to be recognised as a high-quality assurance service provider in the public sector.

We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devon.gov.uk.

Confidentiality and Disclosure Clause - This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

(Fighting Fraud and Corruption Locally 2020)



Appendix 1

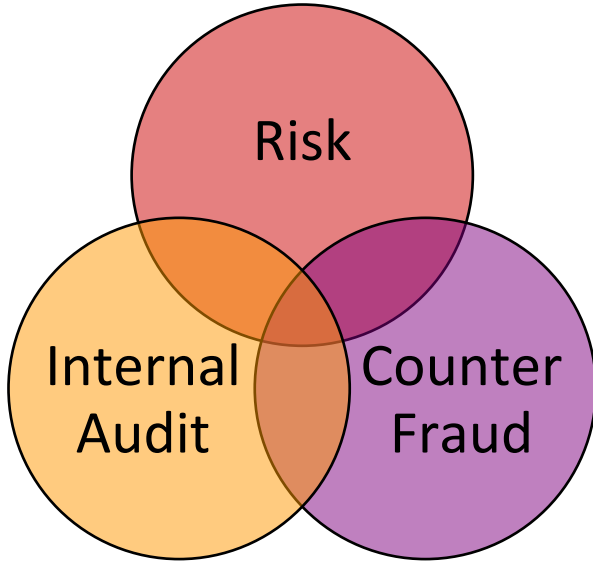
Timetable for the National Fraud Initiative 2022/23 Exercise

Activity	Who	How	Timing
Issue DRAFT data specifications for each data set	NFI Team (Cabinet Office)	Draft data specifications will be available on the NFI GOV.UK web page.	By Friday 8 April 2022
Issue the FINAL data specifications for each data set	NFI Team (Cabinet Office)	Final data specifications will be available on the NFI GOV.UK web page.	By Friday 29 July 2022
Issue the instructions to bodies participating in NFI 2022/23	NFI Team (Cabinet Office)	An email containing a link to the NFI 2022/23 instructions on the NFI GOV.UK web page will be sent to Senior Responsible Officers and Key Contacts.	By Friday 29 July 2022
Make the 2022/23 national exercise part of the web application available	NFI Team (Cabinet Office)	The web application will be made available for 2022/23 access.	From Wednesday 3 August 2022
Check the list of expected data sets is accurate	NFI Key Contact	Key Contacts will log in to the 2022/23 web application Data File Upload (DFU) and check the list of expected datasets is accurate and advise us of any changes to the list by Wednesday 31 August 2022.	Between Wednesday 3 August and Wednesday 31 August 2022
Communicate data quality criteria / guidance	NFI Team (Cabinet Office)	The data quality criteria for each dataset will be communicated to all participants, including details of data quality failures that may result in a penalty fee	By Wednesday 31 August 2022

Ensure the person uploading data has a web application account	NFI Key Contact	Key Contacts should ensure the person responsible for uploading data has a user account on the web application.	By Friday 16 September 2022, and as and when future changes occur
Complete the 2022/23 privacy notice compliance declaration in the web application	NFI Key Contact	Key Contacts should ensure the privacy notice compliance declaration is completed.	By Friday 30 September 2022
Extract data from systems in accordance with the data specifications and upload data to the NFI web application	NFI Key Contact / User (data upload)	Key Contacts should ensure that data is extracted from systems as at 30 September 2022 (unless otherwise stated in the data specification) and uploaded to the web application 2022/23 DFU as soon as quality checks have been completed.	Data must be uploaded between Friday 7 October 2022* and Friday 18 November 2022***
Cut off for the main 2022/23 NFI release	NFI Key Contact /Senior responsible Officer	If data is not received and processed by close of business on Friday 2 December 2022 it may be classed as late and a failure to fully meet your statutory duty** Late data, or data that does not adequately meet specified data quality criteria may incur a penalty fee.	5pm on Friday 2 December 2022***
Set up/review accounts for those reviewing matches	NFI Key Contact	Key Contacts should ensure user accounts are set up on the web application for those in their organisation responsible for reviewing matches.	By Friday 22 January 2023 and as and when future changes occur
The 2022/23 exercise matches are available	NFI Team (Cabinet Office)	An email will be sent to Senior Responsible Officers and Key Contacts informing them that the matches are available.	From Thursday 26 January 2023 ****

Our Vision

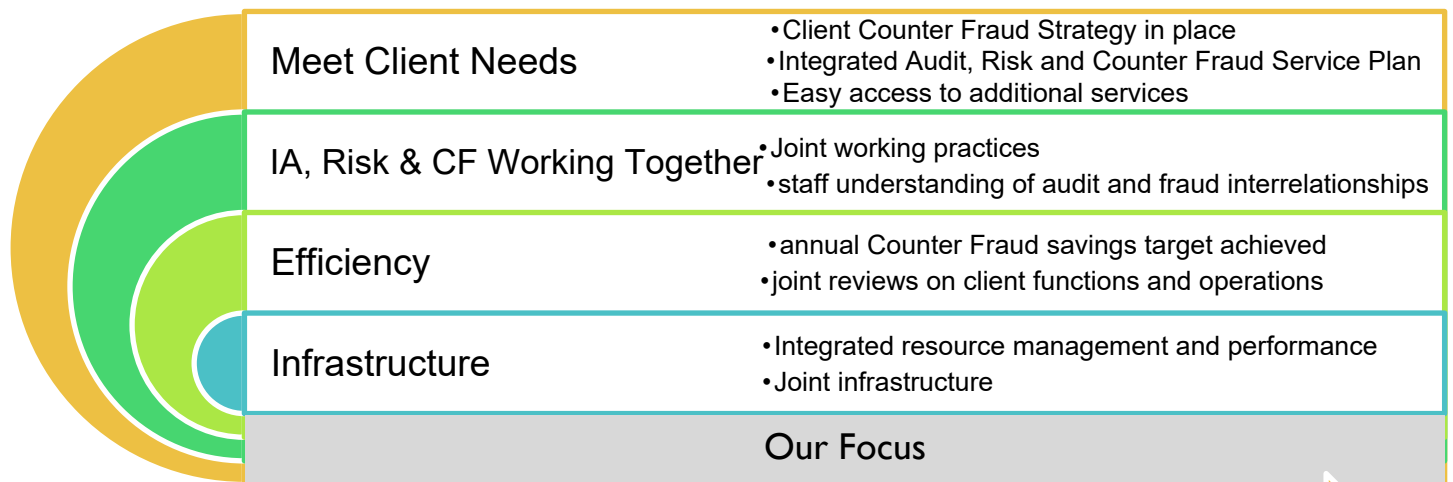
To be a leading provider of internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.



Operational delivery

- CFT to co-ordinate / undertake irregularities work coming through the audit plan
- Potential irregularities are triaged to fraud or audit for review
- Proactive fraud work e.g. NFI, developing delivery plan at client level
- Investigation work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks
- Audit scoping to include counter fraud input
- Three-way liaison confirming risk and control
- Integrated reporting to be delivered on a case basis

Our Goals



Client Services

Counter Fraud Strategy with each client
Regular client liaison Mtgs.
POC access to additional integrated services
CF Service plan with each client for both pro-active and re-active services
Joint Partner CF work e.g. SPD
Client training on Fraud Awareness

IA, Risk & CF Working Together

Joint Working Practices
Joint scoping of audit and Irregs
CF Risk Assessment Review - CIFAS
Joint IA, Risk & CF plan
Pro-active **Prevention** work
Pro-active **Detection** work
Effective **Investigation**
NFI work co-ordinated by CFT

Efficiency

Savings Plan £55k by year three
Restructure of PCC Team work plan (releasing resources)
Joint working practices
Single Point of Contact for Fraud and Irregs

Infrastrucure

Budget - Costcentre focused
Laptops for CFT
ICT Platform & common network access
Data Sharing Agreements updated
Terms and Conditions review

