



## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**TUESDAY 22 OCTOBER 2024**

<b>REPORT TITLE:</b>	<b>INTERNAL AUDIT COUNTER FRAUD REPORT</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

### **REPORT SUMMARY**

The purpose of this report is to update the Committee on the activities of the Corporate Counter-Fraud Team within Internal Audit. The report covers the work undertaken by the Team during the previous twelve months.

The activity detailed within the report supports the following priority or delivery theme from Wirral Council's Plan 2023-27:

- Working together to create a more efficient, effective and accessible council.

This matter affects all Wards within the Borough. It is not a key decision.

### **RECOMMENDATION**

The Audit and Risk Management Committee is recommended to note the report and continue to support the work of the team.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To provide Members with assurance that the Council is taking appropriate action to address the risk of fraud and that suspected frauds are investigated, and appropriate actions taken to prosecute perpetrators, recover losses and improve financial controls.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered appropriate as the service is required to comply with the very specific requirements of the Public Sector Internal Audit Standards for delivery and reporting frequency.

### **3.0 BACKGROUND AND AUDIT OUTPUT**

- 3.1 Local authorities face a significant fraud challenge. Fraud costs local government over £7 billion a year. Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community.
- 3.2 The high-risk fraud areas faced by the Council are incorporated into the annual Internal Audit planning process and audit work has been completed during the reporting period and will continue to be undertaken during the remainder of 2024-25. More detail on this activity is identified in the appendix to this report.

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Delivery of the counter-fraud work will be met from existing Internal Audit resources.

### **5.0 LEGAL IMPLICATIONS**

- 5.1 Local Authorities have a statutory duty to have arrangements in place for the proper administration of their financial affairs under the Local Government Act 1972. That duty includes the prevention, detection and deterrence of fraud and corruption. The Wirral Counter Fraud and Corruption Strategy, Anti-Fraud and Corruption Policy and Fraud Response Plan provides a framework for fraud awareness, response and key actions relating to improving the Council's counter fraud and corruption framework. In the absence of an up-to-date strategy and policies there is a risk that fraud and corruption may not be monitored or be unreported.
- 5.2 The Bribery Act 2010 came into law in July 2011. The Act creates two general offences covering the offering, promising, or giving of an advantage and requesting, agreeing to receive, or accepting of an advantage. It also introduces a corporate offence of failure to prevent bribery by persons working on behalf of a business. An organisation can avoid conviction if it can show that it has adequate procedures in place to prevent bribery.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 It is envisaged that all work will be carried out within existing resources.

## **7.0 RELEVANT RISKS**

7.1 That fraud is not properly addressed, investigated and appropriate actions are not taken to prosecute perpetrators, recover losses and improve financial controls.

7.2 Given the budgetary constraints the council has been faced with and the reduced staffing levels it will always be a risk that previously robust procedures may not be followed and therefore providing the opportunity for fraud to occur.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

## **9.0 EQUALITY IMPLICATIONS**

9.1 The content and/or recommendations contained within this report have no direct implications for equality. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of equality.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO<sub>2</sub>/greenhouse gases.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

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### **APPENDICES**

1. Counter Fraud Team Activity Summary

### **BACKGROUND PAPERS**

Internal Audit Plan 2024-25

Counter Fraud Strategy and Policy

## **TERMS OF REFERENCE**

This report is being considered by the Audit and Risk Management Committee in accordance with Section B of its Terms of Reference.

(b) Internal Audit and Internal Control

(iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.