

Response to fraud and error questionnaire

No.	Questions for management	Managements response
1	Are you aware of any instances of actual, suspected or alleged fraud, within the authority as a whole during the period 1 April 2015 – 31 March 2016?	Yes – these are received and investigated by our dedicated counter fraud & investigation team. Head of Audit provides fraud updates (esp. material cases) to S151 officer, EA liaison and Audit Committee. Refer to EA liaison fraud update for cases during 2015/16.
2	<p>Do you suspect fraud may be occurring, within the authority?</p> <p>➤ Have you identified any specific fraud risks within the authority?</p> <p>➤ Do you have any concerns that there are areas within the authority that are at risk of fraud?</p> <p>➤ Are there particular locations within the authority where fraud is more likely to occur?</p>	<p>Yes – we acknowledge and understand our fraud risks – we have a dedicated counter fraud team to respond to these risks.</p> <p>Yes – see below</p> <p>In line with key fraud risks highlighted nationally & consideration of the Council's own fraud risk profile, we believe areas to focus on are:</p> <ul style="list-style-type: none"> ■ Procurement ■ Contracts ■ Schools ■ Direct Payments ■ Grants ■ Payroll ■ AP
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <p>➤ If not where are the risk areas?</p> <div style="display: flex; align-items: center; margin-left: 40px;"> <div style="display: flex; flex-direction: column; align-items: flex-start;"> <p>Payroll</p> <p>AP</p> </div> <div style="font-size: 3em; margin: 0 10px;">}</div> <div style="display: flex; flex-direction: column; align-items: flex-start;"> <p>Schools and</p> <p>Corporate</p> </div> </div> <p>Limited ability to audit throughout the year due to lack of system stability → system and control issues and high error rates have resulted in low assurance in the two areas.</p>	<p>Our Payroll and AP systems are currently exposed to a higher risk of fraud and error due to the control issues experienced within Agresso over 2015/16.</p> <p>We will continue to review the adequacy of the control framework to ensure compliance where issues such as segregation of duties may become an issue.</p>

No.	Questions for management	Managements response
	<p>➤ What other controls are in place to help prevent, deter or detect fraud?</p>	<ul style="list-style-type: none"> ■ Whistleblowing arrangements ■ Robust CF Policy and zero tolerance stance to fraud ■ Proactive work programme – delivered by CF team (deter/detect) / ■ Increased data analytics ■ Due diligence activities limited to Q4. ■ Accredited counter fraud specialists ■ Deterrence - case summaries on website / successful prosecutions in Echo / results and work of CF team periodically published in Echo (from Audit Committee reporting)
4	<p>How do you encourage staff to report their concerns about fraud?</p> <p>➤ What concerns about fraud are staff expected to report?</p>	<ul style="list-style-type: none"> ■ Whistleblowing arrangements ■ Counter Fraud Policy / leaflets / Fraud Response Plan ■ Whistleblowing and Counter Fraud posters ■ Regular news bulletins ■ Code of Conduct – reporting expectations ■ Dedicated counter fraud team ■ Fraud awareness sessions ■ Assistant Directors and Heads of Service briefings <p>All suspicions re. fraud, corruption or theft.</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your area of responsibility?</p> <p>➤ How are the risks relating to these posts identified, assessed and managed?</p>	<ul style="list-style-type: none"> ■ Bank and authorised signatories ■ Treasury management e.g. borrowing <p>Policies, procedures – managed by established control framework, overall scheme of delegation, segregation of duties and IT Security processes.</p>
6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>➤ How do you mitigate the risks associated with fraud related to</p>	<p>No.</p> <p>Requirement for officers to declare any interests / personal</p>

No.	Questions for management	Managements response
	related party relationships and transactions?	relationships (Code of Conduct / Personal Relationships at Work Policy). Management responsible for assessing the risk and taking any control actions i.e. transferring responsibilities / decision making, removing delegated authority, restricting access to information, meetings etc
7	<p>Are you aware of any entries made in the accounting records of the authority that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority? ➤ Could a false accounting entry escape detection? If so, how? ➤ Are there any external fraud risk factors which are high risk of fraud? 	<p>No</p> <p>Imprest (materiality low) Payroll entries & Procurement Card entries – lack of management information potentially increases the risk of fraud. All entries should be checked as part of the year end close down process.</p> <p>No</p> <p>No</p> <p>Accounts Payable – due to problems encountered at the beginning of the year – risk reduced due to checking and validation being undertaken as part of close down process..</p>
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none"> ➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? 	<p>No</p> <p>No</p>

This page is intentionally left blank