

## 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 &amp; consideration of the Council's own fraud risk profile, we believe areas to focus on are:</p> <ul style="list-style-type: none"> <li>■ Procurement</li> <li>■ Contracts</li> <li>■ Schools</li> <li>■ Direct Payments</li> <li>■ Grants</li> <li>■ Payroll</li> <li>■ AP</li> </ul>
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: center;"> <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: center;"> <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>➤ What other controls are in place to help prevent, deter or detect fraud?</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> <ul style="list-style-type: none"> <li>■ Whistleblowing arrangements</li> <li>■ Robust CF Policy and zero tolerance stance to fraud</li> <li>■ Proactive work programme – delivered by CF team (deter/detect) / raise</li> </ul>

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		<p>awareness</p> <ul style="list-style-type: none"> <li>■ Increased data analytics</li> <li>■ Due diligence activities limited to Q4.</li> <li>■ Accredited counter fraud specialists</li> <li>■ Deterrence - case summaries on website / successful prosecutions in Echo / results and work of CF team periodically published in Echo (from Audit Committee reporting)</li> <li>■ Fraud Health Check – review Council's fraud response and map to best practice</li> </ul>
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"> <li>■ Whistleblowing arrangements</li> <li>■ Counter Fraud Policy / leaflets / Fraud Response Plan</li> <li>■ Whistleblowing and Counter Fraud posters</li> <li>■ Regular news bulletins</li> <li>■ Code of Conduct – reporting expectations</li> <li>■ Dedicated counter fraud team</li> <li>■ Fraud awareness sessions</li> <li>■ Assistant Directors and Heads of Service briefings</li> <li>■ E-learning module under development to raise fraud awareness and direct to reporting routes.</li> </ul> <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"> <li>■ Bank and authorised signatories</li> <li>■ Treasury management e.g. borrowing</li> </ul> <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 related party relationships and transactions?</p>	<p>No.</p> <p>Requirement for officers to declare any interests / personal 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</p>
7	Are you aware of any entries made in the	Yes

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	<p>accounting records of the authority that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> <li>➤ Are there particular balances where fraud is more likely to occur?</li> <li>➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority?</li> <li>➤ Could a false accounting entry escape detection? If so, how?</li> <li>➤ Are there any external fraud risk factors which are high risk of fraud?</li> </ul>	<p>Investigation ongoing (not material value)</p> <p>Imprest (materiality low) Payroll entries &amp; 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"> <li>➤ 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?</li> </ul>	<p>No</p> <p>No</p>

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