

# Audit and Governance Committee

22 July 2024

## Annual Fraud and Protected Disclosures Report

### For Review and Consultation

**Portfolio Holder:** Cllr N Ireland, Leader and Cabinet Member for Governance, Performance, Communications, Environment, Climate Change and Safeguarding

**Executive Director:** J Mair, Director of Legal & Democratic

**Report Author:** Marc Eyre  
**Title:** Service Manager for Assurance  
**Tel:** 01305 224358  
**Email:** marc.eyre@dorsetcouncil.gov.uk

**Report Status:** Public

**Brief Summary:** The Audit and Governance Committee receives an annual report on fraud and protected disclosures (often referred to as whistleblowing). This provides an update on the Council's approach to combatting the fraud risk, and a summary of cases reported in the preceding twelve months.

**Recommendation:** The Committee are asked to:

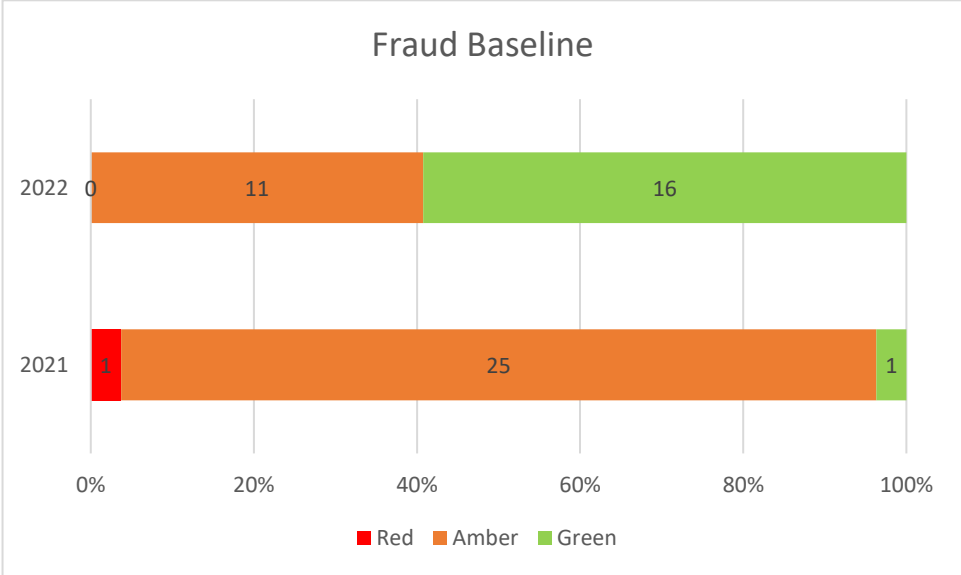
- i) Note the annual update on fraud and protected disclosure activity;
- ii) To reaffirm that the Chair of the Audit and Governance Committee acts as the Council's member fraud prevention champion.

**Reason for Recommendation:** To support the Council's zero tolerance to fraud.

#### 1. Summary of Anti Fraud Initiatives

- 1.1 The 2022/23 annual report highlighted the outcomes of the second SWAP baseline assessment of anti-fraud maturity. This provided a cross-cutting baseline assessment report on the maturity of fraud management across

wider SWAP partners. As shown in the comparison chart below, significant progress was made between the two years.



1.2 The output of the baseline review informs the Council’s fraud action plan to track progress in implementing anti-fraud initiatives. This includes actions to respond to Amber ratings from the baseline review, where appropriate. Ordinarily the annual report provides an update on progress made in the last twelve months (presented last to the [12 June 2023](#)

[committee](#)) but for the benefit of new committee members, a more detailed summary has been provided this year:

Theme	Latest Position	2022 SWAP Rating	24 DC Self Assessment
1) Resources and Communication	<p>The fraud and whistleblowing intranet pages have been reviewed and updated. The Chief Executive issues an annual reminder of our whistleblowing arrangements (issued May 24).</p> <p><b>Outstanding Actions:</b> None</p>	Amber	Green
2) Fraud Risk management	<p>A fraud risk assessment review led by SWAP identified a number of fraud risks that have been embedded into the Council's Service Risk Register framework. These are reviewed and updated by risk owners alongside any other service risks. The SWAP fraud team intend to carry out a further piece of work to determine how embedded processes are within services.</p> <p><b>Outstanding Actions:</b> None</p>	Green	Green
3) Policy framework	<p>The following policies are operative, and due for review by May 2025. They are accessible both internally via the Council's intranet and externally on the internet.</p>	Amber	Amber

Theme	Latest Position	2022 SWAP Rating	24 DC Self Assessment
	<ul style="list-style-type: none"> <li>• <a href="#">Anti Fraud Bribery and Corruption Policy</a>;</li> <li>• <a href="#">Anti Money Laundering Policy</a>;</li> <li>• <a href="#">Whistleblowing Policy</a></li> </ul> <p><b>Outstanding Action:</b> A declaration process for staff is in development for register of interests</p>		
4) Committee Related	<p>The Chair of Audit and Governance Committee is identified as member anti-fraud champion. The Committee receive an annual report on fraud and whistleblowing activity.</p> <p><b>Outstanding Action:</b> Recommend that members of the Audit and Governance Committee undertake the e-learning modules for Fraud and Whistleblowing</p>	Amber	Amber
5) Culture and Awareness	<p>A number of service areas have initiated data matching via <a href="#">Cifas</a> (as part of our internal audit arrangements with SWAP), including insurance and contractor/agency appointment. During 2023/24 Adult Services</p>	Amber	Amber

Theme	Latest Position	2022 SWAP Rating	24 DC Self Assessment
	<p>direct payments, licencing and homelessness applications were added to Cifas checks. Additional service areas are being considered for inclusion, with SWAP currently exploring viability with Adults micro providers, existing Adults high-risk contracts, Financial Agents and Power of Attorneys.</p> <p><b>Outstanding Action:</b> Services identified with highest risk exposure for fraud to be encouraged to undertake fraud and whistleblowing training. SWAP are developing a fraud e-learning module, which will be reviewed for possible adoption.</p>		
6) Reporting, Investigating and Monitoring	<p>Reporting is provided annually to Audit and Governance Committee. Investigations are undertaken either internally or by commissioning the SWAP counter fraud team. A fraud/whistleblowing hotline is operative.</p>	Amber	Green

Theme	Latest Position	2022 SWAP Rating	24 DC Self Assessment
	<p><b>Outstanding Action:</b> Formalise Joint Working Fraud Protocol with SWAP.</p>		

1.3 Last years' annual report sighted the Committee on a fraud investigation that was ongoing at that time, prompted by whistleblowing. Whilst it is not appropriate to share the full details in a public report, this related to allegations that two employees were undertaking private work using Dorset Council operatives and other resources. SWAP were commissioned to investigate, and following the outcomes of this work one employee resigned and the other was dismissed. The investigations prompted a second report on culture and ethics, which raised some weaknesses in internal controls and following which a number of actions have been incorporated within the ongoing fraud action plan, for wider organisational learning. The service concerned co-operated fully during the investigations and responded swiftly and proactively to recommendations made, with remedial actions implemented to prevent reoccurrence. SWAP can be applauded for the thorough investigation, which resulted in prompt action, halting what was a likely ongoing instance of fraud and the approach reinforced the Council's zero-tolerance for fraud. It acts as a timely reminder of the effectiveness of whistleblowing. A number of actions have been incorporated into the fraud action plan based on the findings.

1.4 Historically the chair of Audit and Governance Committee has been identified as the elected member fraud prevention champion. The committee are requested to reaffirm this position.

## 2. Reporting of Fraud and other Protected Disclosures – 2023/24

2.1 The Public Interest Disclosure Act 1988 protects any whistleblowing worker from any form of reprisal or mistreatment from their employer after raising a concern, where that concern is in the public interest. The Council's [whistleblowing policy](#) sets out the Council's response to this legislation, and applies to all council employees and other workers;

including freelance staff; temporary and agency staff; trainers; volunteers; consultants; and contractors.

- 2.2 Whilst any issues reported via the whistleblowing hotline or directly to either the Monitoring Officer or Section 151 Officer will be recorded centrally, other issues that could constitute fraudulent activity (for instance those related to staff code of conduct) are investigated and reported separately via Human Resources. At this point in time, this report focuses on issues reported to the Monitoring Officer or Section 151 Officer.
- 2.3 The purpose of the whistleblowing policy extends beyond fraud to other perceived cases of malpractice, whether behavioural, procedural or in respect of health and safety failings. Whilst a protected disclosure relates purely to council workers, the spirit and procedures of the policy are also applied if contact is made by a member of the public.
- 2.4 The whistleblowing policy sets out a number of mechanisms for notification of fraud or other perceived malpractice. The table below sets out whistleblowing and fraud activity during 2022/2023, with fourteen cases reported in the twelve month period (April 23 to March 24), up from seven in the previous year. This has likely increased due to an improved promotion of the whistleblowing arrangements, and easier accessibility of the policy from the Council's internet:

Ref	Category (Alleged)	Reported by	Via	Summary
2023/01	Malpractice, negligent, unprofessional or unethical behaviour	Member of the public	Chief Executive	Unethical behaviour. Resignation of employee.
2023/02	Malpractice, negligent, unprofessional or unethical behaviour	Ex-Employee	Monitoring Officer	Ongoing investigations
2023/03	Malpractice, negligent, unprofessional or unethical behaviour	Employee	Monitoring Officer	Alleged faults in process. Minor procedural changes made by service.
2023/04	Malpractice, negligent,	Employee	Line Manager	Alleged unethical use of social media. Awareness

Ref	Category (Alleged)	Reported by	Via	Summary
	unprofessional or unethical behaviour			raised within team on social media use.
2023/05	Malpractice, negligent, unprofessional or unethical behaviour	Member of the Public	Complaints e-form	Allegations about an employee that were investigated but not upheld
2023/06	Malpractice, negligent, unprofessional or unethical behaviour	Member of the Public	Complaints e-form	Allegations about an employee. Managed as an HR issue, outside of whistleblowing policy
2023/07	Fraud, corruption or unauthorised use of public funds	Member of the public	Monitoring Officer	Allegation of fraudulent time keeping. Not upheld
2023/08	Malpractice, negligent, unprofessional or unethical behaviour	Member of the public	Complaints e-form	Allegations about an employee. Not investigated as not related to employee's role.
2023/09	Fraud, corruption or unauthorised use of public funds		Monitoring Officer	Ongoing investigations
2023/10	Malpractice, negligent, unprofessional or unethical behaviour	Ex-employee	Monitoring Officer	Allegations against employees relating to the termination of employment were not upheld
2023/11	Malpractice, negligent, unprofessional or unethical behaviour	Employees	SWAP	Issues addressed within transformation, and therefore file closed
2023/12	Malpractice, negligent, unprofessional or unethical behaviour	Member of the public	Complaints e-form	Allegations against employee not upheld
2023/13	Fraud, corruption or unauthorised	Manager	Monitoring Officer	Polygamous working. Employment terminated.



Ref	Category (Alleged)	Reported by	Via	Summary
	use of public funds			
2023/14	Malpractice, negligent, unprofessional or unethical behaviour	Ex-employee	Service Manager for Assurance	Ongoing investigations

2.5 The following table provides a summary of whistleblowing activity and/or reported fraud across a number of financial years:

Financial Year	2023/24	2022/23	2021/22
Upheld	2 (14%)	1 (14%)	
Partially Upheld	2 (14%)		1 (25%)
Not Upheld	6 (43%)	6 (86%)	3 (75%)
Ongoing	4 (29%)		
<b>Total</b>	<b>14</b>	<b>7</b>	<b>4</b>

### 3. Financial Implications

Fraud presents a financial risk to the Council which needs to be managed to reduce risk down to an acceptable level.

### 4. Climate Implications

None

### 5. Well-being and Health Implications

None

### 6. Other Implications

None

### 7. Risk Assessment

- 7.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk: Medium  
Residual Risk: Medium

8. **Equalities Impact Assessment**

Fraud policies have been subject to EQIA.

9. **Appendices**

None

10. **Background Papers**

None

11. **Report Sign Off**

- 11.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s).