

## ABERDEEN CITY COUNCIL

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| COMMITTEE          | Audit, Risk and Scrutiny                                |
| DATE               | 26 February 2015  |
| DIRECTOR           | Ewan Sutherland   |
| TITLE OF REPORT    | Fraud Governance – Scottish Welfare Fund Update Report. |
| REPORT NUMBER:     | CG/15/06  |
| CHECKLIST RECEIVED | Yes   |

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### 1. PURPOSE OF REPORT

A report was presented to Audit, Risk and Scrutiny Committee during November 2014. This report reviewed the design and operating effectiveness of controls for the prevention and detection of fraud in housing tenancy and the Scottish Welfare Fund.

The purpose of this report is to provide an update on the recommendations relating to the Scottish Welfare Fund.

### 2. RECOMMENDATION(S)

The committee is asked to note the progress made in implementing the audit recommendations.

### 3. FINANCIAL IMPLICATIONS

There are no revenue and capital implications.

### 4. OTHER IMPLICATIONS

None

### 5. BACKGROUND/MAIN ISSUES

A review was undertaken by Internal Audit during 2014 on the design and operating effectiveness of controls for the prevention and detection of fraud in housing tenancy and the Scottish Welfare Fund.

The review identified areas of good practise that helped mitigate fraud risks; however, the review also identified areas for improvement.

At the time of finalising the report, Internal Audit was informed by management that the Scottish Government is satisfied with the

processes and controls in place to administer the Scottish Welfare Fund. As a result, although Internal Audit believed improvements could be made and consider the recommendations to be best practice, it was agreed as appropriate to raise these findings as advisory.

The audit recommendations and update are:

#### Recommendation 2.03 – Advisory Action

A fraud risk assessment and identification to be undertaken for the Scottish Welfare fund. This will identify the fraud risks and map these to appropriate fraud prevention and detection controls in place that mitigate those risks.

- The Scottish Welfare Fund Team is preparing a Fraud Risk Assessment. The Risk Assessment is being prepared with the assistance of the Fraud Team. A draft document has been produced and a final version will be in place for April 2015.

#### Recommendation 2.03 – Advisory Action

Fraud registers to be established for the Scottish Welfare Fund to allow cases of fraud or suspected fraud to be formally recorded. Processes to be established for staff to report fraud and suspected fraud for inclusion on the registers.

- This has been completed.

#### Recommendation 2.04 – Advisory Action

Staff to be reminded of their responsibility to ensure that all relevant documentation is retained to evidence proper checking of grant applicants in line with the fraud prevention controls.

- This has been completed.

#### Recommendation 2.04 – Advisory Action

All grant applications to be assigned to Scottish Welfare Fund team members for processing by the Team Leader or their designate. This will ensure that there is a segregation of duties between those processing claims and those approving claims.

- This has been completed.

#### Recommendation 2.04 – Advisory Action

Visits to grant applicants, both before and after grants being rewarded, to be performed. This process will be risk led focusing on those applicants who are deemed to meet certain fraud risk criteria.

- This is not feasible to achieve with the resources within the team and the timescales required making decisions on claims. However, visits are undertaken where staff highlight a risk to the eligibility of the claim.

## 6. IMPACT

The Scottish Welfare Fund Is a scheme operated by Local Authorities' on behalf of the Scottish Government. Whilst Aberdeen City Council does not believe there is a significant fraud issue we do welcome any input in to improving the processes in operating the scheme.

The public need to be aware that the Scottish Welfare Fund take fraud detection and prevention seriously and will review the scheme to improve processes surrounding fraud.

## 7. BACKGROUND PAPERS

None

## 8. REPORT AUTHOR DETAILS

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