

MINUTE EXTRACT

COUNCIL MEETING - 25TH SEPTEMBER 2018

CL.27 HISTORIC FRAUD ISSUE

The Council received a report detailing information in respect of an historic fraud case.

The Head of Paid Service introduced this item and explained that the report had been requested by a number of Members of the Council. He added that producing the report had been his only involvement in the issue as he had not been in his present role as Head of Paid Service at the time of the incident and had not had any previous dealing in the matter.

A Member thanked the Chairman for including the item on the Meeting's Agenda and expressed his shock and disappointment at the matter. He explained that the information had only been released into the public domain as a result of a Freedom of Information (FOI) request submitted by a student studying for their PHD, revealing the loss of Council tax payer's money. The Member explained that the case had only added to the general public doubt that the Council operated in 'secrecy' and that it had taken six months for responses to the request to be sent by the Council. The Member concluded by suggesting that the ability of the 'scammer' to impersonate a senior Council Officer warranted further investigation and that, aside from being disappointed that the Council's Auditor would not be commissioning a public report, requested the Leader of the Council to publically apologise to Council tax payers across the District.

The Leader of the Council informed the Council that he was aware of such scamming incidents, having experienced similar in his own business; expressed his regret that the incident had occurred; and apologised on behalf of the Council. He added that he would not be writing to the Police, as had been suggested, as they had already reviewed the matter and had decided not to investigate the matter further; and expressed sympathy for the Officer concerned as he considered that the attitudes displayed were for political ambition and gain. The Leader confirmed that he was now satisfied that everything had been done to safeguard the Council for the future and to ensure, as far as was possible, that a similar event would not occur again.

Another Member stated that errors were seldom down to one person and that it was most likely inadequate training and procedures had been the main cause of the incident. The Member also highlighted that dealing with the 'guilty party' only would not work; and that, regrettably, it was through an incident that better procedures and practices could be secured.

The Chairman of the Audit Committee confirmed that significantly different procedures now existed, which were more robust. In addition, the Council now had a successful Counter Fraud Unit, which was only just being established at the time of the incident; and Officers from the South West Audit Partnership (SWAP) were now employed to work across all of the partner Councils to ensure procedures were as 'watertight' as possible. An Officer from SWAP, who was present at the Meeting, confirmed that all processes had been reviewed and improved since the incident.

A Member of the Council's Audit Committee was extremely disappointed that this incident had happened under the Committee's watch; at the lack of detailed information that had been made available to the Committee; and the manner in which the financial loss had been reported in the Council's accounts. He called upon the Chairman of the Audit Committee to undertake a review to ensure appropriate mechanisms and safeguards in the future.

It was duly Proposed and Seconded that the Chairman of the Audit Committee, in connection with Officers, should undertake an annual review of the accounts, to ensure added scrutiny.

Various Members commented that the majority of people had been subject to some form of 'phishing' and that the increase in technology would only lead to repeat events becoming more common. Those Members stated that it was the responsibility of Council Management to ensure that a response was undertaken quickly and effectively, including informing all relevant parties, as the impact on the Council's reputation was how it reacted to any unfortunate event.

In responding to the Proposition, the Chairman of the Audit Committee explained that all Officers and Members had received counter-fraud training and that he was more concerned with Officer training on the 'front-line'. He added that stopping a scam was most critical at the moment of receipt and confirmed that a series of reviews had been undertaken since the event. He put forward a Further Proposition, that the report be noted, and this was Seconded.

A Member commented that the matter should be reviewed by the Audit Committee, in conjunction with a presentation from the Council's Counter Fraud Unit. She also added that any concerns highlighted by the Committee should be reported to Council and that the review should also assess whether current procedures were robust and relevant.

A Further Proposition was put forward, and duly Seconded, that the report be noted and the Audit Committee be requested to review the incident that occurred and to investigate the procedures put in place as a result to ensure that they remained both relevant and fit for purpose.

RESOLVED that:

- (a) the report be noted;**
- (b) the Council's Audit Committee be requested to review the historic fraud issue that occurred and to investigate the procedures put in place as a result to ensure that they remain both relevant and fit for purpose.**

Record of Voting - for 30, against 0, abstentions 0, absent 4.

(END)