

AUDIT & GOVERNANCE COMMITTEE

28th January 2016

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

FRAUD AND CORRUPTION UPDATE REPORT

EXEMPT INFORMATION

None

PURPOSE

To provide Members with an update of Counter Fraud work completed to date during the financial year 2015/16.

RECOMMENDATIONS

That the Committee:

- 1 Considers this report and raises any issue it deems appropriate,**
- 2 Endorses the Fraud Risk Register Summary (Appendix 1), and**
- 3 Endorses the assessment against the Code of Practice on Managing the Risk of Fraud and Corruption (Appendix 2).**

EXECUTIVE SUMMARY

The abolition of the National Fraud Authority in 2014 and the closure of the Audit Commission in 2015 saw professional counter fraud bodies, institutes and other concerned stakeholders from across the public and private sector including the former Counter Fraud Team of the Audit Commission come together to form 'The European Institute for Combating Corruption And Fraud' (TEICCAF). TEICCAF have carried on from the Audit Commission in the Protecting the Public Purse annual publications.

In line with good practice, a Fraud Risk Register is maintained and reviewed on a quarterly basis. The latest Fraud Risk Register Summary is attached as **Appendix 1**.

Work has progressed on the data matches identified through the National Fraud Initiative (NFI) in the 2014/15 run which was released in February 2015. In total, 1125 matches were identified with 234 of these being recommended for investigation by the Council. So far, 950 of the matches have been processed and closed and 7 remain in progress. All of the recommended matches have been investigated and closed. No frauds were identified but there were two errors uncovered, one relating to Housing Benefits with a value of £2110 and a duplicate invoice with a value of £733. Both errors have been corrected.

Following the move of the Housing Benefits Fraud Investigations to the Single Fraud Investigation Service at the Department of Works and Pensions, the Authority has a dedicated Corporate Anti Fraud Investigations Officer who has been in post since September 2015. This ensures that the Authority is taking a more proactive approach to fraud rather than a reactive approach previously adopted. As well as continuing with the work on the NFI matches previously identified and new matches as they are identified, the Corporate Anti Fraud Investigations Officer's current case load includes ongoing investigations into potential fraud in these areas - Council Tax Reduction, Single Persons Discount, illegal subletting of council housing and non-residence of council housing. Investigations concluded have identified three cases of fraudulent Single Persons Discount claims and one fraudulent Council Tax Reduction Scheme claim. Whilst the monetary value for these cases is known, the total fraud identified will be reported to this Committee at year end following appropriate guidance on the correct multiplier to apply to each type of case so that the outcomes can be correctly reported.

In accordance with good practice, we have measured ourselves against the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption. Compliance with the Code of Practice is not mandatory. The Code of Practice identifies eighteen actions that are required to manage the risk of fraud. Of these eighteen actions, fifteen are complete. The areas requiring further action are the estimation of fraud loss for which we need to follow appropriate guidance on the correct multiplier to apply to each type of case so that outcomes can be correctly reported; the adoption of a Data & Intelligence Sharing Protocol to be completed by the Director – Technology & Corporate Programmes; and the completion of an Annual Report both of which are due at the end of the financial year. The assessment against the Code of Practice on Managing the Risk of Fraud and Corruption is attached as **Appendix 2**.

RESOURCES IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

There is a risk that the Authority will not have sound governance processes in place.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

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LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 - Fraud Risk Register Summary**
- Appendix 2 - Code of Practice on Managing the Risk of Fraud & Corruption**

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