

30th June 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 during the financial year 2015/16.

RECOMMENDATIONS

That the Committee:

- 1 That the Committee considers this report and raises any issue it deems appropriate;
- 2 Endorses the Fraud & Corruption Risk Register. (Appendix 1);
- 3 Endorses the Self Assessment Against Counter Fraud & Corruption Best Practice (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. The assessment against the checklist from the Protecting the English Public Purse 2015, was endorsed by this Committee on the 29th October 2015. In addition to this, CIPFA launched a Counter Fraud Centre and have recently increased their guidance material including checklists which they recommend that Authorities should measure against. The assessment against these guidance documents is detailed in **Appendix 2**.

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 with additional updates released periodically. In total, 1180 matches were identified with 261 of these being recommended for investigation by the Council. So far, 1006 of the matches have been processed and closed and 6 remain in progress. All of the recommended matches have been investigated and closed. Three frauds were identified relating to housing benefits claims totalling £882, and two errors were uncovered, one relating to housing benefits with a value of £2110 and a duplicate invoice with a value of £733. The fraudulent claims for housing benefits are being recovered and 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 – NNDR, Council Tax Reduction, Single Persons Discount, illegal subletting of council housing and non-residence of council housing. Investigations concluded have identified 27 cases of fraud (the housing benefit fraud identified through the NFI are included in this figure). Details of the types of fraud, number and the monetary value are detailed below.

Type of Fraud Case	Number of cases proven	Value £000's
Council Tax Reduction	3	1
Council Tax Single Persons Discount	15	8
Housing Benefits	7	3
Council Tenancy Subletting	1	18*
Council Tenancy - Other	1	18*
Total	27	48

“*” The figure of £18,000 is the amount that the Audit Commission estimated in their publication “Protecting the Public Purse 2010” . This is derived by estimating the need to house homeless families in temporary accommodation; annual safety, repair, adaptation and maintenance costs; social housing administration and housing management costs; and any long-term borrowing costs incurred to provide social housing. We will use this figure as an estimate of fraud costs until more detailed guidance is made available. Once detailed guidance is made available, figures will be adjusted accordingly.

In accordance with good practice, we have measured ourselves against the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption. Additional recent guidance has been issued by CIPFA – Fighting Fraud & Corruption Locally – the Local Government Counter Fraud & Corruption Strategy and checklist – both of which it is recommended that we assess ourselves against. Assessment against all three guidance documents is attached as **Appendix 2 – Self Assessment Against Counter Fraud & Corruption Best Practice.**

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 & Corruption Risk Register
Appendix 2	Self Assessment Against Counter Fraud & Corruption Best Practice

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