

AUDIT & GOVERNANCE COMMITTEE

27th October 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 2016/17.

RECOMMENDATIONS

That the Committee:

- 1 Considers this report and raises any issue it deems appropriate.**
- 2 Endorses the Fraud Risk Register Summary (Appendix 1)**
- 3 Endorses the Fraud Response Plan 2016/17 (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 was endorsed by this Committee in July 2016.

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. A new data matching exercise will commence in 2016/17.

Work continues in the counter fraud area to investigate potential frauds and the prevention of fraud. A fraud response plan is attached at **Appendix 2** which details the work plan for the financial year.

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	Fraud Response Plan 2016/17