

AUDIT & GOVERNANCE COMMITTEE

THURSDAY 1 JUNE 2017

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); and**
- 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. 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 2016/17 run which was released in February 2017 with additional updates released periodically. In total, 1510 matches were identified with 402 of these being recommended for investigation by the Council. So far, 989 of the matches have been processed and closed and 15 remain in progress. All of the recommended matches have been investigated and closed. Seven frauds were identified relating to housing benefits claims totalling £4,338 and the amounts are being recovered. These figures relate to the 2017/18 financial year.

Following the move of the Housing Benefits Fraud Investigations to the Single Fraud Investigation Service at the Department of Work 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 23 cases of fraud (the housing benefit frauds identified through the NFI are not included in this figure as they relate to the 2017/18 financial year). Details of the types of fraud, number investigated, proven and the monetary value is detailed below.

Type of Fraud Case	Number of cases investigated	Number of cases proven	Value £
Council Tax Reduction	1	1	8400
Council Tax Single Persons Discount	31	14	8342
Council Tax - other	4	0	
Housing Benefits	11	6	12801
Council Tenancy Subletting	1	0	
Council Tenancy – non residence	1	1	24000*
Council Tenancy - Other	1	0	
NNDR - empty	4	1	1181
NNDR – change of use	1	0	
Internal	2	0	
Right to Buy	1	0	
Total	58	23	54,724

“*” The figure of £24,000 is made up of £18,000 which 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. The additional £6,000 saving relates to a compensation payment that could have been made if the tenant was resident.

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

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 -	Fraud Risk Register Summary
Appendix 2	Self-Assessment Against Counter Fraud & Corruption Best Practice