

**Committee:** Performance Select Committee  
**Date:** 27 July 2010  
**Title:** Internal Audit Anti-Fraud & Corruption Work  
**Author:** Sheila Bronson  
Internal Audit Manager  
01799 510610

Agenda Item

**12**

Item for  
information

---

## Summary

- 1 The purpose of this report is to advise members of the anti-fraud and corruption work being undertaken by the Council's Internal Audit section

## Recommendations

2. The Committee is requested to note this report.

## Background Papers

none

## Impact

Communication/Consultation	None identified
Community Safety	None identified
Equalities	None identified
Finance	None identified
Health & Safety	None identified
Legal implications/ Human Rights	None identified
Sustainability	None identified
Ward-specific impacts	None identified
Workforce/Workplace	None identified

### **Anti-Fraud and Corruption work**

- 3 The Council's Anti-fraud Policy Statement within the Constitution shows the Council's commitment to an anti-fraud strategy to protect public funds and to make sure that benefits, council services and funds are only delivered to those people who are entitled to them and that the Council believes that all its employees have a responsibility to be alert to the possibility of theft and fraudulent or corrupt practices. An effective policy on fraud, corruption and theft provides a means by which proper supervision and public accountability may be maintained.
- 4 From 01 April 2010, Internal Audit assumed responsibility for promoting the council's anti-fraud and corruption policies and our objective is to raised internal and external awareness of fraud and corruption and of the various methods employed by the council to prevent, identify and counteract it. We aim to achieve this through a programme of anti-fraud and corruption training for staff througout the authority. We anticipate a maximum of 4 internal audit days will be required to provide this.

### **National Fraud Initiative (NFI)**

- 5 The Audit Commission's National Fraud Initiative (NFI) is a data matching exercise which compares information held by and between around 1,300 organisations including councils, the police, hospitals and nearly 100 private companies to identify potentially fraudulent claims, errors and overpayments for investigation by participating organizations. All district councils are required to participate, each council appointing a NFI Key Contact responsible for coordinating and monitoring the overall exercise within their council and providing feedback on its outcome. This role initially sat with the Enforcement Team Leader.
- 6 For the 2008/09 NFI Initiative, the Key Contact requested Internal Audit assistance to coordinate the required data set extractions for the initiative. During the extended absence of the Enforcement Team Leader, the Internal Audit Manager was appointed as interim Key Contact and coordinated the completion of the 2008/09 initiative for Uttlesford. From 01 April 2010 the Internal Audit Manger has been appointed NFI Key Contact and is responsible for the 2010/11 NFI initiative which commenced in May 2010. A total of 10 Internal Audit Manager days (7 days 2009/10 and 3 days 2010/11) has been spent to date on the 2008/09 Initiative and it is anticipated that a further 10 days will needed to service the coordination of the 2010/11 Initiative data extraction and uploading in October 2010 and data matching in February and March 2011.

### **Housing Benefit Matching Service (HBMS)**

- 7 During the extended absence of the then Enforcement Team Leader futher assistance was given by Internal Audit to the Enforcement Team in collating and reporting back to the Departement of Work and Pensions on the

## Internal Audit Anti-Fraud & Corruption Work

Performance Select Committee, 27 July 2010, item 12

outcome of HBMS referrals sent out to all authorities on a monthly basis and for which this authority had not supplied any returns since September 2008. A total of 7 Internal Audit Manager days (6 days 2009/10 and 1 day 2010/11) has been spent to date on this. Following the appointment of the new Enforcement Team Leader, additional hand-over time (maximum of 1 days) is required to assist in the setting up of new reporting systems.

### Internal Audit Work Plan amendment

- 8 In the initial Internal Audit work plan 2010/11 drafted in January 2010 for approval by this committee at its February 2010 meeting; no allowance was made within the Productive Non-Specific Audit Work for Anti-Fraud and Corruption work. Taking into consideration the 5 days to date and anticipated 15 days for the remainder of the year, amendment to the Internal Audit Work plan 2010/11 will need to be made to accommodate this.

### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it fails to actively commit to an anti-fraud and corruption strategy	2 = Some risk if public and staff unaware of anti-fraud and corruption commitment	3 = Significant risk of financial loss / penalties and reputation	Participation in NFI Initiatives Anti-fraud and corruption statement Housing Benefit Anti-fraud and corruption Policy Whistle Blowing Policy

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.