

**Committee:** Performance & Audit Committee

**Agenda Item**

**Date:** 15 February 2012

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**Title:** Internal Audit Anti-Fraud & Corruption  
Work

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Item for information

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## 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 and its appendices

## Financial Implications

3. There are no direct financial implications

## Background Papers

4. The following papers were referred to by the author in the preparation of this report and are included as appendices to this report.

Corporate Anti-Fraud & Corruption Policy, August 2011

Corporate Bribery Act 2010 Policy, August 2011

## Impact

- 5.

Communication/Consultation	none
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none

Ward-specific impacts	none
Workforce/Workplace	none

## Situation

6. 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 e-learning anti-fraud and corruption and Whistleblowing training courses for all staff. These courses are currently under development.

7. Internal Audit have been instrumental in drafting two new corporate policies published in August 2011 (copied at Appendices A-B) covering:

Anti-Fraud & Corruption

The Bribery Act 2010

8. The Council's Whistleblowing Policy is published as a Personnel Policy Note (PPN) 61, last reviewed and updated in September 2009. The Internal Audit Manager is informed of all reported Whistleblowing case and maintains a register of cases and action taken.

## National Fraud Initiative (NFI)

9. 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.

10. From 01 April 2010 the Internal Audit Manger has been the Council's NFI Key Contact and has responsibility for the 2010/11 NFI exercise which commenced in May 2010. A total of 16 Internal Audit Manager days (10 days 2010/11 and 6 days 2011/12) has been spent to date on the 2010/11 exercise and it is anticipated that a further 2 days may be needed to service the coordination of the 2010/11 exercise including the forthcoming Council Tax : Electoral Register data matches due to be made available to local authorities on 20 February 2012.

11. Due to the limited Council resources available to carry out data match checks, it was decided the Council's priority for checks would be restricted to those rated by NFI as 'high quality'.

12. The total number of matches for checking by this Council to date is 886, of which 673 are rated by NFI as 'high quality'. We have carried out 100% checks on the 'high quality' matches resulting in a total of 5 frauds being identified.
13. We have also carried out checks on another 39 'medium/address/information' quality matches resulting from specific requests from other participating organisations; no fraud was identified in any of these matches.
14. To date the resource cost to the Council of the NFI 2010/11 exercise is estimated at £5000, the frauds identified have a net recoverable value of £4082.69.

### Risk Analysis

15.

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  Policies for Anti-fraud & Corruption; Bribery Act; RIPA; Whistleblowing

- 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.