

Committee: Performance & Audit Committee

Agenda Item

Date: 19 November 2015

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Title: Internal Audit Counter Fraud & Corruption Work

**Author: Sheila Bronson
Internal Audit Manager
01799 510610**

Item for information

Summary

1. The purpose of this report is to update members on the counter fraud and corruption work undertaken by the council's Internal Audit section since the last report to the Performance & Audit Committee on 20 November 2014

Recommendations

2. The Committee is requested to note this report.

Financial Implications

3. There are no direct financial implications.

Background Papers

None

Impact

- 4.

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

5. From 01 April 2010, Internal Audit assumed responsibility for promoting the council's anti-fraud and corruption policies and our objective is to raise internal and external awareness of fraud and corruption and of the various actions that the council is taking to prevent, identify and counteract it. These include the Internal Audit Manager chairing of the Counter Fraud Working Group (CFWG), Fraud & Bribery Risk Assessments, revision of the Council's Corporate Anti-Fraud & Corruption Strategy and Policies, co-ordination of the Council's National Fraud Initiative (NFI) data matching exercises.

External Initiatives

6. A number of initiatives to assist local authorities in their counter fraud activities have been launched; the most applicable of these for this authority have been 'Protecting the Public Purse' published annually by the Audit Commission based on mandatory fraud data submitted by local authorities and Fighting Fraud Locally Strategy published most recently by the National Fraud Authority (now part of the CIPFA Counter Fraud Centre).
7. The Audit Commission ceased to exist from 01 April 2015 which resulted in two separate fraud data surveys being sent to local authorities in April / May 2015, one from the CIPFA Counter Fraud Centre and one from The European Institute for Combatting Corruption and Fraud (TEICCAF).
8. CIPFA Counter Fraud Centre is expected to publish a new Fighting Fraud Locally Strategy in December 2015.
9. TEICCAF has recently published Protecting the English Public Purse 2015 which they expect will be an annual publication with summaries of fraud data submitted by English local authorities.

Counter Fraud Working Group

10. The council's Counter Fraud Working Group (CFWG) meets quarterly and at its June meeting included a presentation from a representative from the CIPFA Counter Fraud Centre. A copy of the CFWG Terms of Reference and meeting minutes will be made available to members on request.
11. The Internal Audit Manager has co-ordinated the revision and updating of the council's Counter Fraud Strategy and Policies which were published in April 2015 and are available on the new Counter Fraud & Corruption pages on the council's website.
12. Electronic training in Fraud Awareness, Money Laundering and Whistleblowing Policy is being introduced as part of the induction training for all new members of staff and is being rolled out as refresher training for all other staff.

Fraud Risk Assessment 2016

13. A Fraud Risk Assessment using the checklists from the Protecting the Public Purse publications was carried out by the Internal Audit Manager from which recommendations and a management action plan for CMT were put in place. Progress towards implementation of the recommendations was reviewed with CMT in November 2014 and February 2015 and reported to the Counter Fraud Working Group.
14. The Internal Audit Manager will shortly be undertaking a new Fraud Risk Assessment exercise with CMT; the outcomes will be reported to the Counter Fraud Working Group and made available to members on request.

National Fraud Initiative (NFI)

15. From 01 April 2015, the Cabinet Office has taken on responsibility for the National Fraud Initiative (NFI) from the Audit Commission. This is a data matching exercise which compares information held by 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 organisations. 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.
16. The Internal Audit Manager is the Council's NFI Key Contact and has responsibility for coordinating the 2014/15 NFI exercise which commenced in October 2014 from which 367 potential fraud data matches have been made available to councils for checking and investigation. To date checks have been completed on 346 matches (94%) and 4 frauds (valued at £15,840) identified.
17. A separate annual Council Tax to Electoral Register data matching exercise is also carried out. In the 2014 exercise there were 375 potential fraud data matches made available to councils for checking and investigation. To date checks have been completed on 338 matches (90%) and 1 claimant error (valued at £1,664) identified.
18. Data for the 2015 Council Tax to Electoral Register exercise is due to be submitted shortly.

Risk Analysis

19.

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it fails to actively	2 = Some risk if public and staff unaware of anti-fraud	3 = Significant risk of financial loss / penalties and	Participation in NFI Initiatives Corporate Counter Fraud & Corruption

commit to an anti-fraud and corruption strategy	and corruption commitment	reputation	Strategy and Policies
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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.