

Committee: Governance, Audit and Performance Committee

Title: Internal Audit Counter Fraud & Corruption Work

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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.

Recommendations

2. The Committee is requested to note this report.

Financial Implications

3. There are no direct financial implications.

Background Papers

4. None

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. Internal Audit is responsible for promoting the Council's counter-fraud and corruption strategy and 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 Counter-Fraud & Corruption Strategy and Policies and co-ordination of the Council's National Fraud Initiative (NFI) data matching exercises.
7. With the exception of coordinating any of the Council's required National Fraud Initiative (NFI) work, limited counter-fraud and corruption work has been undertaken by Internal Audit since November 2017 during the Internal Audit Manager's secondment to the GDPR Project, which ended on 31 December 2018.

Counter Fraud Working Group

8. At the Council's Counter Fraud Working Group (CFWG) in January 2019, the meeting reviewed the NFI work and received reports on counter fraud work throughout the Council. The CFWG Terms of Reference and meeting minutes can be made available to members on request.
9. The Council's Counter Fraud Strategy and Policies were last published in April 2015 and are available on the Counter Fraud & Corruption pages on the council's website. The Internal Audit Manager is currently co-ordinating the review and updating of the Counter Fraud Strategy and Policies for agreement with Senior and Corporate Management and these will be presented for information to a future meeting of this committee.

External Initiatives

10. There are a number of initiatives to assist local authorities in their counter fraud activities; the most applicable of these for this authority is the CIPFA Fighting Fraud & Corruption Locally Strategy 2016-2019 published by the CIPFA Counter Fraud Centre.

Fraud Risk Assessment 2019

11. An updated Fraud Risk Assessment using the checklists from the Fighting Fraud & Corruption Locally Strategy 2016-2019 is scheduled to be carried out with the Corporate Management Team (CMT) by the Internal Audit Manager as part of the Audit of Fraud 2018/19.
12. The results of the assessment will be reported to CMT along with a draft management action plan to address any actions needed to be taken in areas identified for improvement. Progress towards implementation of the plan will be reviewed with CMT reported to the Counter Fraud Working Group.

National Fraud Initiative (NFI)

13. The Cabinet Office is responsible for the National Fraud Initiative (NFI); this is a data matching exercise which matches information provided by 1,200 participating organisations from across the public and private sectors to identify potentially fraudulent claims, errors and overpayments etc. for investigation by those organisations.
14. All district councils are required to participate in NFI exercises, each council appointing a NFI Key Contact responsible for coordinating and monitoring the overall exercises within their council and providing feedback on outcomes. The Internal Audit Manager is the Council's NFI Key Contact and has responsibility for coordinating all NFI exercises.
15. There are two NFI exercises in which the Council participates:
- the main NFI Exercise which takes place every two years and
 - the annual Council Tax Single Person Discount Exercise.
16. From the 2016/17 NFI Exercise, the Council received 1274 potential fraud data matches which were allocation to the relevant services during 2017 for checking and investigation. Checks have been completed on 923 matches (72%) and have identified two errors (value £1,592) and four frauds (value £13,813). With the commencement of the 2018/19 NFI Exercise, no further work will be undertaken on the remaining matches from the 2016/17 Exercise
17. From the 2017 Council Tax Single Person Discount Exercise, the Council received 2329 potential fraud data matches for checking and investigation. Checks have not been carried out on 756 matches relating to Council Tax and Electoral Registration because of the Council's participation in a monthly local data matching programme. Checks have been completed on all of the remaining 1573 matches and have identified:
- for Rising 18s, eight errors (value £2,527) and one fraud (value £384)
 - for Single Person Discounts two errors (value £1,381) and two frauds (value £1168).
18. Data was submitted in October 2018 for the main 2018/19 NFI Exercise and in January 2019 for the 2018 Council Tax Single Person Discount Exercise. On receipt of the matches from these exercises, the Internal Audit Manager will co-ordinate their allocation for checking and will oversee the resulting outcomes.

Risk Analysis

19.

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it	2 = Some risk if public and staff unaware	3 = Significant risk of financial loss /	Participation in NFI Initiatives Corporate Counter

fails to actively commit to a counter-fraud and corruption strategy	of counter- fraud and corruption commitment	penalties and reputation	Fraud & Corruption 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.