

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

22nd November 2018

<u>CIPFA Fraud and Corruption Tracker Survey 2018</u>
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Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

- To present, for members' information the results of CIPFA's Fraud and Corruption Tracker (CFaCT) survey undertaken in 2018 that provides a picture of fraudulent activity in local government.
- To detail the controls and procedures that NEDDC has in place to mitigate the risk of fraud.

1 Report Details

- 1.1 Each year the Audit Commission used to publish a report titled "Protecting the Public Purse" which highlighted the risks posed by fraud to Local Authorities and identified best practice in procedures to minimise these risks.
- 1.2 The CIPFA Counter Fraud Centre was launched in July 2014 to fill the gap in the UK fraud arena following the closure of the National Fraud Authority and the Audit Commission. The fourth CFaCT survey was carried out in 2018 with the aim of providing a national picture of fraud, bribery and corruption in local government.
- 1.3 The key findings of the 2018 CIPFA Fraud and Corruption Tracker were:-
 - An estimated £302 million of fraud (80,000 frauds) has been detected or prevented across local authorities in 2017/18. This has dropped from £336 million in 2016/17.
 - The average value per fraud decreased from £4,500 in 2016/17 to £3,600 in 2017/18.
 - The survey found that the largest growing area of fraud was business rate fraud increasing from £4.3 million in 2016/17 to £10.4 million in 2017/18.

- Procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas
- Two thirds of identified frauds relate to council tax fraud (66%) with a value of £9.8 million.
- The highest area of fraud detected/prevented from investigations was housing and tenancy fraud, totalling 97.4 million.
- 51% of organisations who responded have a dedicated counter fraud service.

1.4 This evidences that fraud is still a major financial threat to local authorities.

NEDDC Fraud Prevention Measures

1.5 NEDDC takes the risk of fraud very seriously and has a range of measures in place to reduce the risk of fraud occurring.

- There is an established approach of a zero tolerance policy towards fraud which is set out in the Council's Anti – Fraud and Bribery and Corruption Policy (including Money Laundering Policy) that was last approved by this Committee in October 2015.
- There is an allowance for special investigations in the internal audit plan.
- The Internal audit plan covers the whole of the organisation.
- The National Fraud Initiative is participated in and the results are subject to an internal audit report.
- Potential Council Tax Support frauds are investigated by council tax staff (Benefit fraud is now dealt with by the DWP)
- Data matching processes with the DWP and HMRC
- Derbyshire Finance for Single Person discount matches for council tax. This tracks the activity of purchases/credit where people have given their address for credit and this is matched to claimants of SPD.
- The Council has a Confidential Reporting Code (Whistleblowing Policy)
- The Council has a fraud risk register
- Recruitment procedures ensure that checks are undertaken to prevent the council employing people working under false identities etc.
- Council tax have a rolling program of discount exemption checks
- The IT systems are Public Sector Network (PSN) compliant
- In September 2016 a self- assessment was undertaken against the “Local Government Counter Fraud and Corruption Strategy 2016 – 19” checklist. The results were reported to this committee.

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of the results of the CIPFA Fraud and Corruption Tracker survey.

2.2 To provide Members with details of the fraud prevention measures in place at NEDDC.

3 Consultation and Equality Impact

3.1 None.

4 Alternative Options and Reasons for Rejection

4.1 None.

5 Implications**5.1 Finance and Risk Implications**

5.1.1 Raising the awareness of fraud issues amongst Members and staff helps to mitigate the risk and potential cost of fraud.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendation

6.1 That the results of CIPFA's Fraud and Corruption Tracker Survey be noted.

6.2 That the fraud prevention measures that NEDDC has in place be noted.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000 <input type="checkbox"/></i> <i>Capital - £150,000 <input type="checkbox"/></i> <i>NEDDC: Revenue - £100,000 <input type="checkbox"/></i> <i>Capital - £250,000 <input type="checkbox"/></i> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has relevant Portfolio Member been informed?	NA
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
Appendix 1	CIPFA Fraud and Corruption Tracker Summary 2018
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
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