

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

28th April 2021

CIPFA Fraud and Corruption Tracker Survey Results

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

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PURPOSE / SUMMARY

- To present, for members' information the results of CIPFA's Fraud and Corruption Tracker (CFaCT) survey undertaken in 2020 that provides a picture of fraudulent activity in local government.
 - To detail the level of fraud detected by NEDDC in 2019/2020.
 - To detail the controls and procedures that NEDDC has in place to mitigate the risk of fraud.
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RECOMMENDATIONS

1. That the results of CIPFA's Fraud and Corruption Tracker Survey be noted.
2. To note that no fraud was detected by NEDDC in 2019/20.
3. That the fraud prevention measures that NEDDC has in place be noted.

Approved by the Portfolio Holder – Councillor Paul Parkin

IMPLICATIONS

Finance and Risk: Yes No

Details:

Ensuring that appropriate controls are in place to mitigate the risk of fraud will help to ensure that value for money is obtained. The risk of fraud is ever present and an

awareness of the key areas in which fraud usually takes place will help managers and members to be vigilant.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes

No

Details:

[Click here to enter text.](#)

On Behalf of the Solicitor to the Council

Staffing: Yes

No

Details:

[Click here to enter text.](#)

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
<p>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:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/></p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	None
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	Yes Details: Ward Members

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

High levels of fraud would have serious implications for the achievement of the Council Plan and cause reputational damage.

REPORT DETAILS

1 Background *(reasons for bringing the report)*

1.1 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 CFaCT survey aims to provide a national picture of fraud, bribery and corruption in local government.

2. Details of Proposal or Information

2.1 The key findings of the 2020 CIPFA Fraud and Corruption Tracker were:-

- An estimated £239 million of fraud has been detected or prevented across local authorities in 2019/20. This has dropped from £253 million in 2018/19.
- Council Tax Fraud has an estimated value of fraud £35.9m.
- The largest growing fraud area is housing tenancy with an estimated 60.1 million lost in 2019/20 compared to 47.7 million in 2018/19.
- The average value per fraud is around £5,090 per fraud case compared to 2018/19 that had an average value of £3,600.
- Procurement and council tax single person discount are perceived as the two greatest fraud risk areas.
- The four main areas of fraud (by volume) are – council tax, disabled parking, housing and business rates.

2.2 The 2019/2020 CIPFA Fraud and Corruption survey was completed for NEDDC. All relevant departments were contacted and asked to provide any relevant data.

2.3 A nil return was submitted for every area.

2.4 Housing benefit fraud investigations are no longer undertaken by the council as these have been transferred to the Single Fraud Investigation Service that is run by the Department for Work and Pensions

2.5 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 that was last approved by this Committee in October 2015. The policy is in the process of being refreshed but has been delayed due to COVID-19.
- 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.
- Council tax have a rolling program of discount exemption checks.
- Data matching processes with the DWP and HMRC.
- 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.
- The IT systems are Public Sector Network (PSN) compliant.
- Separation of duties in place.

3 Reasons for Recommendation

- 3.1 To inform members of the results of the CIPFA Fraud and Corruption Tracker Survey.
- 3.2 To provide Members with details of the fraud prevention measures in place at NEDDC.

4 Alternative Options and Reasons for Rejection

- 4.1 None

DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	CIPFA Fraud and Corruption Tracker Summary 2020
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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