

Audit Committee – 20 April 2015

Protecting the Public Purse & Counter Fraud & Corruption Arrangements

Summary of report:

This report presents a summary of the Audit Commission's latest 'Protecting the Public Purse' publication and an update on the council's counter fraud and corruption arrangements.

Background papers:

The Audit Commission's Protecting the Public Purse October 2014 publication and related working papers.

Recommendation:

1. To note the contents of the report.

Background:

The Audit Commission produce their 'Protecting the Public Purse' (PPP) publication annually. The purpose of the publication is to share information to enable councils to develop focused plans and strategies for tackling fraud; and target resources on areas where prevention and detection can have the most impact.

PPP includes the results of the Audit Commission's annual fraud survey, which is the sole source of evidence about the levels of detected fraud in local government and related bodies. The survey results and PPP publications focus on local government and can help councils and other local public bodies by providing the data and information they need to tackle fraud effectively.

The reports are designed to help councillors and senior officers responsible for governance in councils and local public bodies, and particularly members of Audit Committees. The reports are also relevant to the work of government departments, other national organisations and counter-fraud specialists.

This is the last report in the PPP series from the Audit Commission before it closed in March 2015. From April 2015, the Commission's counter-fraud activities will transfer to new organisations:

- The National Fraud Initiative data matching service will transfer to the Cabinet Office.
- The remainder of the counter-fraud staff and functions, including the PPP series and fraud briefings, will transfer to the Counter Fraud Centre run by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Resource and legal considerations:

It is important that effective systems of internal control are in place for the prevention of fraud and corruption. Where fraud or corruption is detected, robust action is always taken against the perpetrators.

Governance Issues / Citizen Impact:

The Council takes seriously its responsibilities in ensuring effective control arrangements are in place and in dealing with reported allegations of fraud and corruption. This offers protection to the council and its officers and provides an assurance to stakeholders and citizens regarding the security of the council's operations.

Performance and risk management issues:

In considering this report, the Audit Committee is able to seek assurance that the Council's fraud investigation and counter fraud performance and risk management arrangements are appropriate.

Equality Implications:

None arising from this report.

Consultation:

The Audit Commission's PPP publication is widely consulted on. It includes the results of the Audit Commission's annual fraud survey, which the Audit Commission state is the sole source of evidence about the levels of detected fraud in local government and related bodies.



James Walsh – Chief Finance Officer

9 April 2015

Contact:

Rebecca Neill

Head of Internal Audit

☎ 01922 654727

✉ rebecca.neill@walsall.gov.uk

Protecting the Public Purse (PPP) 2014

Summary of the Audit Commission's PPP 2014 publication

In 2013, the National Fraud Authority estimated that fraud cost local government £2.1 billion, but this is probably an under-estimate. Each pound lost to fraud reduces the ability of local authorities to provide public services. The more councils look for fraud and follow good practice, the more they will find. Increasing levels of detection may be a positive sign that councils take fraud seriously rather than a sign of weakening controls.

Local government bodies detected fewer cases of frauds in 2013/14 compared with the previous year, continuing the decline noted on PPP 2013. The number of detected cases fell by 3% to just over 104,000 cases, while their value increased by 6% to over £188 million.

In the past 5 years, councils have shifted their focus from benefit fraud to non-benefit fraud. From 2016, they will no longer deal with benefit fraud.

Councils will need to focus on the non-benefit frauds that present the highest risk of losses, including those that arose from the unintended consequences of national policies. In 2013/14 nearly 50,000 cases of council tax discount fraud were found worth £16.9 million, there were 438 cases of social care fraud worth £6.2 million and there were 226 cases of insurance fraud worth £4.8 million.

Overall, councils are detecting more non-benefit frauds, but detection rates for some types of fraud have fallen, including business rate fraud which has fallen from £5.7million (319 cases) in 2010/11 to £1.2 million (84 cases) in 2013/14 and procurement fraud which has fallen from nearly £14.6 million (145 cases) to £4.5 million (127 cases).

Councils are detecting more housing tenancy fraud and more fraud in schools. Detected cases of fraud in maintained schools have risen by 6% to 206, worth £2.3 million, most of these frauds were committed by staff, suggesting that some schools may have weak governance arrangements.

Local government bodies have a duty to protect the public purse. A corporate approach to tackling fraud helps them to be effective stewards of scarce public resources and involves a number of core components: prevention & deterrence, investigation & detection, recovery & redress and openness & transparency.

Protecting the Public Purse can be found at the following link:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/Protecting-the-Public-Purse-2014-Fighting-Fraud-against-Local-Government-online.pdf>

Fraud & Corruption Survey 2013/14

The October 2014 'Protecting the Public Purse' publication included data gathered from local authorities in 2013/14.

Walsall Council completed the survey on line by the due date following receipt of the required information from relevant officers.

For the purpose of the survey, the Audit Commission define fraud as an intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. Included are cases where management authorised action has been taken including, disciplinary action, civil action or criminal prosecution.

The following was submitted detailing Walsall Council’s data for the financial year ended 31 March 2014:

- 141 housing and council tax benefit fraud cases identified totalling £689,570, of these, in 22 cases the fraud value amounted individually to over £10,000.
- No cases of council tax single person discount (SPD) fraud.
- 50 cases of council tax reduction fraud totalling £14,305.
- 64 people were prosecuted for housing and council tax benefit fraud, 1 of whom was an employee.
- 75 housing and council tax benefit prosecutions resulted in a guilty outcome, 1 of whom was an employee.
- No cases of procurement fraud.
- 1 case of expenses fraud (value not recorded).
- No cases of recruitment fraud.
- There was 1 general fraud prosecution of an employee, which had not yet reached a conclusion at the time of submission of the survey.
- There were 3 whistle blowing disclosures made during the period.
- There were 8.5 full time equivalent (FTE) dedicated benefit counter fraud specialists and 3 FTE corporate counter fraud specialists.

Protecting the Public Purse Recommendations

The Audit Commission’s ‘Protecting the Public Purse’ October 2014 publication made a series of recommendations to local government bodies. Recommendations together with the Council’s arrangements are detailed in the table below:

Protecting the Public Purse Recommendation	Walsall Council’s Arrangements
Use our checklist for councillors and others responsible for governance to review their counter-fraud arrangements.	The checklist has been completed and is detailed at Appendix 1 .
Adopt a corporate approach to fighting fraud, to ensure they fulfil their stewardship role and protect the public purse from fraud.	Walsall Council has adopted a corporate approach to fighting fraud. This is detailed within the corporate anti fraud & anti corruption policy and strategy, which includes the council’s fraud response plan. The impact of fraud is included as a risk on the Finance Service risk register and this risk is subject to regular review.
Actively pursue potential frauds	All fraud identified through the council’s

Protecting the Public Purse Recommendation	Walsall Council's Arrangements
identified through their participation in the National Fraud Initiative (NFI).	participation in NFI is actively pursued.
Assess themselves against the framework in CIPFA's new Code of Practice on Managing the Risk of Fraud and Corruption.	A self assessment has been completed and is detailed at Appendix 2 .
Engage fully with the new CIPFA Counter Fraud Centre.	Walsall Council is committed to engaging fully with the new CIPFA Counter Fraud Centre.
Protect and enhance their investigative resources, so that they maintain or improve their capacity to detect fraud.	The Council is protecting and enhancing its investigative resources, to ensure the capacity to detect fraud is maintained. Specific resources have been allocated to maintain corporate counter fraud arrangements in 2015/16 within Internal Audit. Arrangements are also being made to ensure residual counter fraud functions within Money, Home, Job, following the transfer on 1 June 2015 of benefit fraud investigators to the Single Fraud Investigative Service within the Department for Work & Pensions, are managed.
Be alert to the risk of organised crime, notably in procurement.	Walsall Council is alert to the risk of organised crime. This risk is considered as part of the audit planning cycle and resources allocated accordingly.
Be alert to the risks of fraud, particularly in growing risk areas such as Right to Buy and Social Care.	<p>'Right to buy' is no longer applicable at Walsall Council to the extent that the Council no longer holds social housing stock. The council does, however, retain the right to enforce identified tenancy fraud related offences, where they are identified, on behalf of housing associations via legislation as part of the Housing Fraud Act.</p> <p>Social care fraud risk is included as part of audit planning cycle and resources are allocated accordingly.</p>
Apply the lessons from the approach encouraged by PPP to tackle housing tenancy fraud, to other types of fraud.	As above.
Focus on prevention and deterrence as a cost-effective means of reducing fraud losses to	Walsall Council's focus is on prevention and deterrence via the implementation of the counter fraud plan.

Protecting the Public Purse Recommendation	Walsall Council's Arrangements
protect public resources.	
Focus more on recovering losses from fraud, using legislation such as the Proceeds of Crime Act.	Walsall Council has a proven track record of recovering losses from fraud via civil and criminal action. This position will remain unchanged.
Take up the Commission's offer of receiving a fraud briefing to help them benchmark their performance and promote greater transparency and accountability.	Walsall Council has taken up the Commission's offer of receiving a fraud briefing to help benchmark performance and promote greater transparency and accountability. Audit Committee received the latest briefing in 2014/15.

Counter Fraud & Corruption Arrangements:

The Council's corporate counter fraud plan is in place and work is ongoing. The dedicated corporate counter fraud team, which was established in October 2013, is now embedded and provides reactive forensic fraud investigation services as well as counter fraud activities. Audit Committee receive routine 6 monthly reports of work undertaken in this area. For 2015/16, the following work streams are planned:

Policy & Procedures

- Review of the anti fraud & anti corruption policy and strategy, including the council's fraud response plan and the anti money laundering policy. The counter fraud toolkit will also be subject to refresh.

Training & Awareness

- A planned targeted programme of fraud awareness training will be delivered to managers.
- The corporate counter fraud and corruption newsletter 'Fraud Spotlight' will continue to be issued to raise awareness and act as a deterrent to potential perpetrators of fraud.

Fraud Risk Management

- The internal audit fraud risk register will be continually updated in light of new, emerging or changing risks and action taken as appropriate.

National Fraud Initiative (NFI)

- The council will continue participation where appropriate in the NFI data matching fraud initiative.

Success of the above will be measured by a lower incidence of both 'depth and breadth' of fraud and corruption. Audit Committee will continue to receive routine 6 monthly summaries of investigative and counter fraud work undertaken.

Checklist for Councillors & Others Responsible for Governance: Protecting the Public Purse

	Yes	No	Comment
General			
1. Do we have a zero tolerance policy towards fraud?	✓		Anti fraud and anti corruption policy and strategy. Confidential reporting policy (whistle blowing).
2. Do we have the right approach and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally (FFL)</i> ?	✓		Internal audit's anti fraud and anti corruption action plan has been aligned to FFL. Other relevant policies: <ul style="list-style-type: none"> • code of conduct for employees; • members' code of conduct; and • financial and contract rules. Benefit investigations team & operational plan / risk assessments / quality checks / memorandum of understanding and service level agreement with the Department for Works & Pensions / prosecution and sanction policy / benefits anti fraud policy. <i>N.B. The benefits fraud investigation team is due to transfer on 1 June 2015, to the Single Fraud Investigative Service within the Department for Work & Pensions. This checklist has been compiled based on the current position at April 2015.</i>
3. Do we have dedicated counter-fraud staff?	✓		Housing and council tax benefit fraud is currently investigated by a dedicated benefit investigation team /data matching and interventions team. There is an allocation of time within the approved internal audit plan for the investigation of corporate counter fraud and corruption work. Counter fraud work is detailed within internal audit's anti fraud & anti corruption action plan.
4. Do counter-fraud staff review all the work of our organisation?	✓		As 3.

	Yes	No	Comment
<p>General</p> <p>5. Does a councillor have portfolio responsibility for fighting fraud across the council?</p>	✓		<p>Internal audit are situated within the personnel and business support for which Councillor Chambers has portfolio responsibility. The benefits investigation team are situated within Money, Home, Job, part of the social care portfolio, for which Councillor D Coughlan has portfolio responsibility.</p> <p>The Audit Committee also have responsibilities in relation to 'fighting fraud', namely in considering the council's counter fraud and corruption arrangements and receiving routine reports on activity in this area.</p>
<p>6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?</p>	✓		<p>The impact of fraud is included as a risk on the Finance Service risk register and this risk is subject to regular review.</p> <p>Audit committee receive 6 monthly routine monitoring reports from internal audit detailing investigative work and counter fraud and corruption activity. The Audit Committee also receive an annual update on 'protecting the public purse'.</p> <p>Benefit results are reported to the Department for Works & Pensions via the HBRF (housing benefits recovery fraud) return; and quarterly / annual statistics are made available for review and analysis.</p> <p>DWP publish annual reports on progress made against fraud and error by local authorities.</p>
<p>7. Have we received the latest Audit Commission fraud briefing presentation from our external auditor?</p>	✓		<p>Walsall Council has taken up the Commission's offer of receiving a fraud briefing to help benchmark performance and promote greater transparency and accountability. Audit Committee received the latest briefing in 2014/15.</p>
<p>8. Have we assessed our management of counter-fraud work against good practice?</p>	✓		<p>Internal Audit's counter fraud plan has been assessed against good practice including the Local Government Fraud Strategy.</p> <p>Internal audit CIPFA benchmarking.</p> <p>Internal audit contribute to the West Midlands Fraud Group sharing best practice with other West Midlands Internal Audit representatives.</p>

	Yes	No	Comment
General			
			<p>Benefits undertake joint working with the Department for Works & Pensions, Police, NHS, other local authorities and other departments within the council.</p> <p>DWP publish annual reports on progress made against fraud and error by local authorities.</p>
<p>9. Do we raise awareness of fraud risks with:</p> <ul style="list-style-type: none"> • New staff (including agency staff) • Existing staff • Elected members • Our contractors 	✓		<p>As part of the annual programme of risk awareness training, fraud and corruption is included as one of the 'building blocks' of key risks to consider when undertaking a risk assessment and indentifying risks.</p> <p>The starter pack for new employees includes the code of conduct which references the confidential reporting policy (whistle blowing). All staff, including agency staff, must familiarise themselves with the council's policies and procedures, including those relating to anti fraud and corruption, as part of their work.</p> <p>The internal audit intranet page includes the anti fraud and corruption policy and strategy, anti fraud toolkit and links to associated policies and procedures such as the confidential reporting policy.</p> <p>Audit committee receive 6 monthly monitoring reports from internal audit detailing unplanned investigative work undertaken and outcomes. The Audit Committee also receive an annual update on 'protecting the public purse'.</p> <p>Members of the public, including contractors can access the whistle blowing policy and online notification form via the internet.</p> <p>Fraud alerts are sent out by the internal audit service following any new / emerging fraud risks identified.</p> <p>Fraud awareness training for revenues and benefits officers, welfare rights team and Registered Social Landlords has taken place. An online reporting facility exists and hotline telephone number for reporting benefit fraud via the benefits service web page. Elected Members are advised quarterly and annually of fraud performance via the Audit Committee process</p>

	Yes	No	Comment
General			
			Audit committee receive annual briefings as part of their training.
10. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓		<p>Internal audit have representatives on the West Midlands Fraud Group and West Midlands Contract Group. Fraud is an agenda item on the West Midlands Heads of Audit Group.</p> <p>Internal audit participate in CIPFA benchmarking.</p> <p>The benefits service has joint working partnerships with the Fraud & Error Service and DWP. The benefit service participates in data-matching exercise via the housing benefit matching service on a monthly basis, NFI on a bi-annual basis, RTI via the DWP / HMRC on a monthly basis.</p> <p>The council is a participant in the National Fraud Initiative data matching exercise.</p> <p>The Council subscribes to National Anti Fraud Network.</p>
11. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓		As 9.
12. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	✓		<p>Audits receiving no or limited assurance are routinely reported to Audit Committee, a follow up audit is subsequently promptly undertaken. If, on follow up, limited or no progress has been made by management in addressing high priority actions identified, this is reported to Audit Committee where the executive director and their accountable managers are required to attend to provide assurances to the Audit Committee that issues identified have been addressed.</p> <p>Adequacy of established controls is a factor considered in internal audit's risk assessment which produces the annual audit plan. Areas where controls were previously found to be weak are higher risk and therefore more likely to be subject to audit attention.</p> <p>Risk assessed benefit claim checks.</p>

	Yes	No	Comment
General			
			Benefit quality checks. Monitoring benefit payments. Process reviews.
13. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative (NFI) and receive reports on our outcomes?	✓		The council has full participation in NFI covering all requested services such as benefits, payroll and creditors. All reported exceptions are followed up.
14. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓		A money laundering policy is in place and is currently subject to refresh. Staff responsible for processing cash receipts via the banking hall are required to report any large receipts to their senior officer. Relevant staff are alerted to the risks associated with money laundering via the treasury management policy and training.
15. Do we have effective arrangements for: <ul style="list-style-type: none"> • Reporting fraud? and • Recording fraud? 	✓		The council's confidential reporting policy (whistle blowing) is available on the intranet and internet with an on line reporting facility, through which concerns may be raised. The national benefit fraud hotline and on-line fraud referral form are advertised in local Thompson Directory. Welfare Benefit Fraud Investigation work is recorded on a dedicated IT Solution (FIMS – Fraud Investigation Management System).
16. Do we have effective whistle-blowing arrangements? In particular are staff: <ul style="list-style-type: none"> • Aware of our whistle-blowing arrangements? • Confident in the confidentiality of those arrangements? • Confident that any concerns raised will be addressed? 	✓		As 15. There is evidence that the whistle blowing policy is utilised at the council which indicates a level of confidence. No complaints have been received regarding confidentiality or failure to address concerns raised.
17. Do we have effective fidelity insurance arrangements?	✓		The council at present has cover for all employees to a value of £15million. These arrangements are currently under a long term agreement until 31st March 2018. An annual review is undertaken to ensure that these arrangements remain appropriate

	Yes	No	Comment
General			
Fighting Fraud with reduced resources			
18. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud once SFIS has been fully implemented?	✓		The Council is protecting and enhancing its investigative resources, to ensure the capacity to detect fraud is maintained. Specific resources have been allocated to maintain corporate counter fraud arrangements in 2015/16 within Internal Audit. Arrangements are also being made to ensure residual counter fraud functions within Money, Home, Job, following the transfer on 1 June 2015 of benefit fraud investigators to the Single Fraud Investigative Service within the Department for Work & Pensions, are managed.
19. Did we apply for a share of the £16million challenge funding from DCLG to support councils in tackling non-benefit frauds after the SFIS is in place?	✓		Walsall submitted a joint and individual bid, but were unsuccessful.
20. If successful, are we using the money effectively?	✓		N/a.
Current Risks and Issues			
Housing Tenancy			
21. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	✓		<p>Walsall transferred the ownership of its stock to two Housing Associations in 2003. The council continue to own and manage temporary accommodation for those homeless or at risk of homelessness in the borough.</p> <p>The council has a nomination agreement (updated October 2014) in place with all the Housing Associations in the borough and that is used as a mechanism to monitor who is accessing social housing in the borough. This is also supplemented by analysis of the continuous recording (CORE) returns submitted centrally by each housing association. The council work with all Housing Associations to ensure their allocation policies reflect the council re-housing priorities.</p> <p>In addition the council is within the government pilot area for the Right to Rent scheme and has been instrumental in ensuring that housing associations with stock in the borough are aware of their additional duties under this through facilitating joint meetings with colleagues from</p>

	Yes	No	Comment
General			
			<p>the Home Office</p> <p>https://www.gov.uk/government/publications/right-to-rent-landlords-code-of-practice</p>
22. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	✓		<p>Walsall has temporary accommodation only. All residents are asked at sign up to provide proof of identity. The council is working with the Housing Associations in the borough to look at methods of ensuring the property is occupied by the person to whom it is allocated. All Housing Providers request proof of ID during the application process and at sign up.</p> <p>In addition the council is within the government pilot area for the Right to Rent scheme and has been instrumental in ensuring that housing associations with stock in the borough are aware of their additional duties under this through facilitating joint meetings with colleagues from the Home Office</p> <p>https://www.gov.uk/government/publications/right-to-rent-landlords-code-of-practice</p>
Procurement			
23. Are we satisfied our procurement controls are working as intended?	✓		<p>Procurement controls are subject to internal, as well as external audit review. Where weaknesses in control are identified as part of the above, an agreed management action plan is put in place to ensure that such weaknesses are addressed.</p>
24. Have we reviewed our contract letting procedures in line with best practice?	✓		<p>Procurement is conducted and governed in accordance with EU Procurement and Public Contract Regulations and the Council Contract Rules.</p> <p>Contract Rules have been recently reviewed and are scheduled for implementation in May 2015. Procurement systems, processes, documentation and guidance are currently under review following the enactment of new Public Contract Regulations on 26 February 2015</p> <p>Systems, processes, documentation are also reviewed as a matter of course in response to emerging case law and/or lessons learned from</p>

	Yes	No	Comment
General			
			ongoing procurement activity.
Recruitment			
<p>25. Are we satisfied our recruitment procedures:</p> <ul style="list-style-type: none"> Prevent us employing people working under false identities: Confirm employment references effectively: Ensure applicants are eligible to work in the UK; and Require agencies supplying us with staff to undertake the checks that we require? 	✓		<p>National fraud initiative data matching, payroll internal audit review and safer recruitment panel.</p> <p>False IDs:</p> <ul style="list-style-type: none"> In conjunction with Disclosure and Barring Service (DBS) clearances they are asked to provide a minimum of 3 separate forms of ID. P45's requested. Ofsted requirements for working in Residential and Family Placements require photographs. Managers are required to check qualifications at interview. Social worker qualifications and registration are checked with the Health & Care Professionals Council (HCPC) .Teacher qualification and registration are checked with the Dept of Education. Monitoring Data also held on I-Trent. <p>References:</p> <ul style="list-style-type: none"> Referees contacted direct. Referees should include current employer. Ofsted requirements for working in Residential and Family Placements requires verbal references as well as written references. Ofsted requirements for working in Residential and Family Placements requires gaps in employment to be investigated. Information on references is available on the HR Intranet pages. <p>Concealing criminal convictions:</p> <ul style="list-style-type: none"> Posts are designated as requiring DBS clearance if compliant with the regulations as detailed in the Protection of Freedom Act (2012) CCTV operators are regulated under National scheme. Safer Recruitment Panel established to make decisions on criminal convictions. Three year checking policy in existence. From 01 April 2015, this will be 5 years. Posts designated as requiring access to the Public Service Network (PSN) are subject to a BPSS check (Baseline Personal Security Standard) which requires a basic criminal disclosure via Disclosure

	Yes	No	Comment
General			
			<p>Scotland, amongst other checks.</p> <p>Eligibility to work:</p> <ul style="list-style-type: none"> • Documents checked in accordance with current legislation. • Includes passport, birth certificate. • “Preventing Illegal Working – Manager’s Guidance Feb 2015” and “Sponsoring a Migrant Worker – Manager’s Guidance April 2014” guidance documents are available on the HR Intranet site. • Successful applicant recruitment – short listing and interview.
Personal Budgets			
26. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	✓		<p>Regarding the roll out of personal budgets from February 2011 (which include direct payments), and thereafter individual budgets, the social care and inclusion management team are committed to use proportionate risk management and audit processes, to strike the right balance between the protection of public money and the personalisation policy which gives service users much greater choice and control over how they arrange and receive the care they need. Similarly, a risk enablement policy has been approved, which balances the safeguarding of vulnerable adults from abuse (including financial abuse) and the freedoms and advantages that personal budgets bring. In all this they continue to make full use of regional and national networks, best practice and pilot sites, and receive and act on the emerging case law.</p>
27. Have we updated our whistle-blowing arrangements for both staff and citizens so that they may raise concerns about the financial abuse of personal budgets?	✓		<p>Directorate staff have been reminded about the internal audit on-line form for notifying suspected fraud or irregularity, with a statement that this is to be used if personal budget fraud is suspected or detected, in conjunction with informing one’s line manager. This reminder has been added to staff guidance on the intranet.</p> <p>Advice on safeguarding on the council’s website and on paper materials includes a specific reference to personal budget fraud as a notifiable category of adult abuse.</p> <p>The list of examples of possible types of complaint under the adult social care statutory procedure on the council’s website and on paper</p>

	Yes	No	Comment
General			
			<p>materials includes an appropriately worded sentence relating to personal budget fraud, with an assurance on confidentiality.</p> <p>The relevant section of the personalisation and self directed support materials on the council's website and on paper materials includes an appropriately worded statement about personal budget fraud and what to do if it is suspected, with an assurance on confidentiality.</p>
Council Tax Discount			
28. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	✓		<p>A combination of checks and balances exist at the point of granting a discount or exemption that involves, where appropriate, a signed application form, proof of circumstances, 3rd party checks such as housing benefits records, electoral registration. A programme of reviews is in place. External searches such as Experian are used to confirm circumstances.</p> <p>Money, home, job is currently undertaking a single person discount review comparing council tax records with external credit companies. Mismatches identified are being investigated and where appropriate discounts revised.</p>
Housing benefit			
29. When we tackle housing benefit fraud do we make full use of: <ul style="list-style-type: none"> • National Fraud Initiative; • Department for Work and Pensions Housing Benefit matching service; • Internal data matching and • Private sector data matching? 	✓		<p>In tackling housing and council tax benefit fraud, the council participates in:</p> <ul style="list-style-type: none"> • NFI • DWP joint working • Data-matching (Housing Benefit Matching Service) • Internal data matching • Private sector data matching
Other fraud risks			
30. Do we have appropriate and proportionate defences against the following fraud risks: <ul style="list-style-type: none"> • Business rates 	✓		<p>The following defences are in place for business rate risks:</p> <p>Charity</p>

	Yes	No	Comment
<p>General</p> <ul style="list-style-type: none"> • Grants 			<p>Schools are required to adhere to the council's financial and contract rules and comply with the scheme for financing schools.</p> <p>There is a grants manual in place which is reviewed regularly, updated and made available to all officers administering grants.</p> <ul style="list-style-type: none"> • The grants co-ordinator provides support and advises specifically on grants. • There is a nominated grants administrator and finance support for all grants. • Where third parties are involved, there are comprehensive guidelines and grant agreements which are required to be followed. Relevant officers are trained and have points of contact for advice and support. • A regular review of grants is undertaken and training is provided to new staff as notified or requested. • Internal audit undertake a regular routine audit of grants. • Legal, finance and internal audit are included on larger working groups, as appropriate. • The HB subsidy grant is subject to external audit certification. • There is an internal HB fraud team to support anti-fraud work. • Finance and contract rules sets out clear rules of procedure, including in relation to financial administration and codes of conduct.

CIPFA Code of Practice – Managing the Risk of Fraud & Corruption
Self Assessment

CIPFA REQUIREMENT	SELF ASSESSMENT
A. Acknowledge Responsibility: The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation	
A1 The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.	The Council's leadership team acknowledges the threat of fraud and corruption via its commitment to the corporate anti fraud & anti corruption policy and strategy, which includes the council's fraud response plan. The impact of fraud is included as a specific risk on the Finance Service risk register and this risk is subject to regular review in accordance with the Council's risk management arrangements.
A2 The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	As A1 above. The Council's leadership team has recently demonstrated its commitment to good governance by refresh of the Local Code of Governance and its commissioning of an independent review of corporate governance arrangements by Grant Thornton – the positive outcome of which was reported to Audit Committee on 5 January 2015.
A3 The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.	As A1 and A2 above. The Council acknowledges its responsibility for ensuring the management of its fraud and corruption risks and is accountable for the actions it takes through its reporting to Audit Committee.
A4 The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	The Council does not tolerate fraud or corruption and this is enshrined within the constitution. The Council ensures that appropriate resources are in place to prevent and detect fraud and corruption. More work does, however, need to be done in exploring new opportunities for realising financial savings from enhanced fraud detection and prevention.
B. Identify Risks: Fraud risk identification is essential to understand specific exposures to risk, changing	

patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	
B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	As A1.
B2 The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework.	As section A. The importance of behaving with integrity, is enshrined within the governance framework, most notably: <ul style="list-style-type: none"> • Local Code of Governance • Anti Fraud & Corruption Policy and Strategy • Code of Conduct for Employees
B3 The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.	The Council uses published estimates of fraud loss via its reporting of 'protecting the public purse' and uses this information to aid its evaluation of fraud risk exposures. Fraud information is also now published as part of the Local Government Transparency Code.
B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	As A1.
C. Develop a Strategy: An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.	
C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.	The Audit Committee formally adopts the anti fraud and anti corruption policy and strategy which seeks to address the identified risks and align with the organisation's acknowledged responsibilities and goals.
C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	The anti fraud & anti corruption policy and strategy includes the organisation's use of joint working / partnership approaches with, for example, the Police, external auditors, National Fraud Initiative and National Anti Fraud Network.
C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below. Proactive: <ul style="list-style-type: none"> • Developing a counter-fraud culture to increase resilience to fraud. • Preventing fraud through the implementation of appropriate and robust internal controls and security 	The anti fraud & anti corruption policy and strategy includes the organisation's both proactive and reactive response approaches. The anti fraud & anti corruption policy and strategy contains: Proactive: <ul style="list-style-type: none"> • An enshrined counter-fraud culture to increase resilience to fraud. • Preventing fraud through the implementation of appropriate and robust internal controls and security

<p>measures.</p> <ul style="list-style-type: none"> Using techniques such as data matching to validate data. Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters. <p>Responsive:</p> <ul style="list-style-type: none"> Detecting fraud through data and intelligence analysis. Implementing effective whistleblowing arrangements. Investigating fraud referrals. Applying sanctions, including internal disciplinary, regulatory and criminal. Seeking redress, including the recovery of assets and money where possible. 	<p>measures.</p> <ul style="list-style-type: none"> Using techniques such as data matching to validate data. Detailing preventative measures to minimise the risk of fraud. <p>Responsive:</p> <ul style="list-style-type: none"> Detecting fraud through data and intelligence analysis – e.g. forensic investigation. Implementing effective whistle blowing arrangements. Investigating fraud referrals. Applying sanctions, including internal disciplinary, regulatory and criminal. Seeking redress, including the recovery of assets and money where possible.
<p>C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.</p>	<p>The anti fraud & anti corruption policy and strategy includes clear identification of responsibility and accountability for delivery of the strategy including the Audit Committee's responsibility for providing oversight.</p>
<p>D. Provide Resources: The organisation should make arrangements for appropriate resources to support the counter fraud strategy.</p>	
<p>D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.</p>	<p>An assessment of the level of resource invested to counter fraud and corruption is undertaken annually as part of budget setting processes and the annual audit needs assessment. As part of this work, resources invested are proportionate for the level of risk.</p>
<p>D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.</p>	<p>There are dedicated fraud teams in place (benefits fraud investigation and corporate fraud). There is an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.</p>
<p>D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.</p>	<p>Counter fraud staff have unfettered access to all necessary employees, information and other resources as required for investigation purposes.</p>
<p>D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.</p>	<p>The Council has informal arrangements in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.</p>
<p>E. Take Action: The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.</p>	
<p>E1 The organisation has put in place a policy</p>	<p>The council has all policies listed, with the</p>

<p>framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes:</p> <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts and hospitality policy and register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 	<p>exception of a formal cyber security policy. The necessity for this will be reviewed.</p>
<p>E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.</p>	<p>Plans and operations are aligned, as proportionate and appropriate, to the anti fraud and anti corruption policy & strategy, which contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.</p>
<p>E3 Making effective use of national and sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.</p>	<p>The council participate in the National Fraud Initiative data matching exercise.</p> <p>The council is a member of the NAFN Data and Intelligence Services.</p>
<p>E4 Providing for independent assurance over fraud risk management, strategy and activities.</p>	<p>The Council provides for independent assurance over fraud risk management, strategy and activities via external audit and the Audit Committee's discharge of their functions.</p>
<p>E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report.</p>	<p>There is currently no formal reporting to the Audit Committee on performance against the counter fraud strategy. The Committee, however, do receive the annual 'protecting the public purse' update detailing counter fraud and corruption arrangements as well as 6 monthly routine updates on counter corporate fraud activities undertaken. Conclusions are also featured in the annual governance report.</p>