Report To:	**AUDIT PANEL**
Date:	6 March 2018
Reporting Officer:	Kathy Roe – Director of Finance
	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY – FRAUD AND CORRUPTION TRACKER FOR TAMESIDE**
Report Summary:	To advise Members of the report produced by the Chartered Institute of Public Finance and Accountancy Counter Fraud Centre – Fraud and Corruption Tracker 2017 for Tameside.
Recommendations:	Members note the report.
Links to Community Strategy:	No direct links but supports the individual operations within the Community Strategy.
Policy Implications:	Effective Counter Fraud arrangements demonstrate a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the Section 151 Officer)	Fraud diverts money away from service delivery and therefore it is important that effective counter fraud arrangements are in place to minimise losses relating to fraud.
Legal Implications: (Authorised by the Borough Solicitor)	Demonstrates compliance with the Accounts and Audit Regulations 2015.
Risk Management:	Fraud is a risk to all organisations and therefore it is important that a sound system of internal control is in place to mitigate the risk of fraud and that counter fraud resources are sufficient to ensure that cases identified are investigated and where appropriate prosecuted to recover assets which have been wrongfully diverted away from service delivery.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:
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1. BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy Counter Fraud Centre was launched in July 2014 and was created to fill the considerable gap in the UK counter fraud arena following the closure of the National Fraud Authority and the Audit Commission and the subsequent transfer of benefit investigations to the Single Fraud Investigation Service run by the Department for Work and Pensions.

1.2 The Counter Fraud Centre leads and coordinates the fight against fraud and corruption across public services by providing a one-stop-shop for thought leadership, counter fraud tools, resources and training.

1.3 The report is divided into several sections:-

- Value of Fraud Cases;
- Number of Fraud Cases;
- Analysis of Types Frauds;
- Top Four Types of Frauds by Value;
- Sanctions - excluding Housing Benefit Frauds;
- Proceeds of Crime Act (POCA);
- Structure of the Counter Fraud and Corruption Function Activity;
- Counter Fraud Resources; and
- Fighting Fraud and Corruption Locally.

1.4 In terms of Tameside the number of frauds dealt with is low and because of the nature of investigations and the definition of "Detected Fraud" very little was reported in the survey.

2. CIPFA FRAUD AND CORRUPTION TRACKER REPORT 2017 - TAMESIDE

2.1 The report is based on the findings from the Chartered Institute of Public Finance and Accountancy's Fraud and Corruption Tracker Survey, which was completed in May / June 2017 and captured data for 2016/17. The report compares Tameside to other Metropolitan Unitaries and it focuses on common fraud types specific to local authorities. The Report is attached at **Appendix 1**.

2.2 The response rate for Metropolitan Unitaries was 42% and the highest response rate came from the London and County authorities.

3. VALUE, NUMBER AND ANALYSIS OF FRAUD CASES/TYPES

3.1 The tables below details the type of fraud reported together with the value and number of cases for Tameside compared to the average for Metropolitan Unitaries and the average value per case.

Table 1 – Main Types of Fraud						
Types of Fraud	Tameside		Metropolitan Unitaries		Average Value per Case	
	Value £000	No. of Cases	Avg. Value £000	Avg. No. of Cases	Tameside £000	Mets £000
Council Tax Frauds	630	1,299	195	484	0.5	0.4
Adult Social Care	101	4	23	1	25.3	20.1
Economic and Vol. Sector	38	1	16	0	38.0	48.1
Other	5	2	2,049	241	2.5	8.5

Totals	774	1,306	2,282	726	0.6	1.9
Table 2 – Analysis of Other Types of Fraud						
Types of Fraud	**Tameside**		**Metropolitan Unitaries**		**Average Value per Case**	
	Value £000	**No. of Cases**	**Avg. Value £000**	**Avg. No. of Cases**	**Tameside £000**	**Mets £000**
School Funds	5	2	3	2	2.5	1.4
Blue Badge	-	-	11	42	-	0.3
Debt	-	-	0	1	-	0.7
Housing and Tenancy Fraud	-	-	1,867	65	-	28.8
Payroll	-	-	8	3	-	2.8
Insurance Claims	-	-	79	5	-	16.1
Welfare Assistance	-	-	0	0	-	0.1
Business Rates	-	-	38	1	-	51.5
Procurement	-	-	39	1	-	58.8
Recruitment	-	-	-	-	-	-
Expenses	-	-	1	0	-	2.2
Pensions	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Mandate Fraud	-	-	-	1	-	-
No Recourse to Public Funds	-	-	-	-	-	-
Child Social Care	-	-	1	-	-	2.2
School Transport	-	-	0	-	-	0.1
Manipulation of Data	-	-	-	-	-	-
Other Fraud	-	-	2	119	-	-
Totals	**5**	**2**	**2,049**	**241**	**2.5**	**8.5**

4. TOP FOUR TYPES OF FRAUD

4.1 The report summarises that the top four types of fraud as:-

- Housing and Tenancy;
- Council Tax;
- Insurance Claims; and
- Procurement.

5. SANCTIONS

5.1 Many organisations have the ability to undertake sanctions against those who commit fraud, whether via the police, the Crown Prosecution Service or in-house lawyers. This section provides an analysis of the sanctions taken by Councils during 2016/17 which are broken down into four categories:-

- Prosecutions
- Cautions
- Disciplinary Outcomes
- Other Sanctions

6.   STRUCTURE OF THE COUNTER FRAUD AND CORRUPTION FUNCTION

6.1   The public sector fraud landscape has changed significantly over the last year with leaner operations and for local authorities the introduction of the DWP's Single Fraud Investigation Service (SFIS) has seen a workload shift.

6.2   The survey results show that the number of full-time equivalent (FTE) investigation staff has increased slightly in the UK since 2015/16 and across the country organisations are planning to maintain current levels in the next few years. Nationally, seven organisations have no dedicated counter fraud resource or consider it not applicable, a large decrease from 2015/16. While a dedicated counter fraud function is not essential, we recommend organisations have a fraud response plan that enables allegations of fraud to be investigated effectively by skilled and professional investigators.

6.3   The survey results also indicate a variety of counter fraud and corruption resources being accessed. While organisations will define their resource requirements based on their specific needs, in our view it is essential that staff involved in the counter fraud function are professionally qualified.

6.4   At Tameside we have two dedicated Fraud Investigators / Counter Fraud Specialists and both have recently attended the CIPFA Accredited Counter Fraud Technician Course.

7.   FIGHTING FRAUD AND CORRUPTION LOCALLY

7.1   The section briefly provides an update on how well local authorities are performing against the areas covered by Fighting Fraud and Corruption Locally Strategy.

8.   CIPFA FRAUD AND CORRUPTION TRACKER SUMMARY REPORT 2017

8.1   CIPFA estimates that across local authorities more than 75,000 frauds have been detected or prevented in 2016/17 with a total value of £336.2 million. The number of fraud cases investigated or prevented dropped in 2017, but the average value per fraud increased from £3,400 to £4,500; the reason for this could be that local authorities are focusing on cases with a higher financial value.

8.2   The survey also revealed the following:-

- procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas;
- adult social care fraud has shown the largest growth in the past year, with an estimated £5.6 million investigated compared with £3.0 million in 2016;
- the highest number of investigations related to council tax fraud (76%) with a value of £25.5 million;
- the highest value area of fraud is housing with an estimated total of £263.4 million; and
- 38% of organisations who responded have a dedicated counter fraud service.

8.3   The report provides a summary page for each fraud type detailing the value and number of cases involved with a brief description of the fraud and where applicable case studies are included.

8.4   The report recommends that organisations:-

- ensure that cyber security is integral to any new strategy or policy decision, reflecting the National Cyber Security Strategy 2016 to 202;

- continue to be vigilant and raise awareness of fraud within adult social care;
- have a strong counter fraud leadership that understands the importance of involving counter fraud practitioners when devising policy and strategy;
- continue to maximise opportunities to share data and to explore innovative use of data within the law; and
- communicate clearly both internally and externally the role of the fraud team and the importance of the role for both financial and reputational benefit.

8.5   The report can be viewed using the following link http://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker

8.6   Both reports will be used to inform the work plan of the Risk Management and Audit Team for 2018/19 in terms of proactive fraud work and the Internal Audit Plan as it is important to learn how and why frauds occur in order to be able to ensure robust controls are in place within our systems to minimise the future occurrence of known frauds.

9.   RECOMMENDATIONS

9.1   Members note the report.