



Report To:	AUDIT PANEL
Date:	1 March 2016
Reporting Officer:	Peter Timmins – Assistant Executive Director (Finance) Wendy Poole – Head of Risk Management and Audit Services
Subject:	CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY – FRAUD AND CORRUPTION TRACKER
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 2015.
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, Risk & Internal Audit Manager by:  Telephone: 0161 342 3846  e-mail: wendy.poole@tameside.gov.uk

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 recently produced by the Chartered Institute of Public Finance and Accountancy Counter Fraud Centre – Fraud and Corruption Tracker 2015 is divided into several sections:-
- Introduction;
 - Reported Types of Fraud;
 - Whistleblowing;
 - Prosecutions;
 - Counter Fraud and Corruption Resources;
 - Counter Fraud and Anti-Corruption Plan;
 - Fraud Cases in London Local Authorities;
 - Fighting Fraud Locally; and
 - Emerging Threats.
- 1.4 Initially membership was offered free, however from April 2016, local authorities have to subscribe to the service to continue to have access to the fraud resources available. It is intended that funds will be found from existing resources to ensure that the Authority subscribes to this service in order to ensure continued access to the tools, alerts and resources needed to combat fraud.
- 1.5 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. INTRODUCTION

- 2.1 This report is based on the findings from the Chartered Institute of Public Finance and Accountancy’s Fraud and Corruption Tracker Survey and captured data for 2014/15. The report covers a host of public sector organisations, including local authorities, fire authorities, waste disposal authorities and the police. It focuses on common fraud types for all organisations and also on specific areas for local authorities. The Report is attached at **Appendix 1**.
- 2.2 The tier response rates are detailed in Table 1 below.

Table 1 – Tier Response Rates

Tier	Percentage
Counties	70.4
London authorities	100
Metropolitan Unitaries	63.9
Unitary (non-met) authorities	55.4
Districts	23.4
Other authorities	2.1

3. REPORTED TYPES OF FRAUD

- 3.1 The table below details the type of fraud reported along with the number of cases, values and percentage of the total reported.

Table 2 – Reported Types of Fraud

Types of Fraud	Fraud Cases	% of the Total	Value £m	Tameside Value
Council Tax SDP	30,184	52.7	£10.7m	
Housing Benefit	12,989	22.7	£56.9m	£631,000
Council Tax CTR	4,142	7.2	£2.0m	
Housing Tenancy Fraud	3,002	5.2	£77.2m	
Disabled Parking Concession (Blue Badge)	2,545	4.4	£1.0m	
Council Tax other	1,556	2.7	£1.4m	
Debt	997	1.7	£0.5m	
Other Types of Fraud (See below)	1,829	3.2	£21.0m	
Total	57,244	100	£171m	£631,000
Other Types of Fraud (See below)				
Social Care	287	0.5	£2.0m	
Abuse of Position	155	0.27	£2.0m	
Payroll	137	0.24	£0.3m	
Insurance	133	0.23	£2.6m	
Welfare Assistance	104	0.18	£1.6m	
Business Rates	102	0.18	£0.8m	
Procurement	60	0.10	£2.2m	
Recruitment	58	0.10	£0.2m	
Expenses	56	0.10	£0.1m	
Economic	28	0.05	£1.1m	
Manipulation of data	24	0.04	N/A	
Pensions	20	0.03	£0.2m	
Investment	11	0.02	£0.0m	
Other Fraud	654	1.14	£7.8m	
Total	1,829	3.18	£20.9m	-

4. WHISTLEBLOWING

- 4.1 This section of the report provides feedback regarding whistleblowing policies, and in summary all respondents had a whistleblowing policy.

5. PROSECUTIONS

- 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. The section then provides a summary of prosecutions undertaken and the outcomes.

6. COUNTER FRAUD AND CORRUPTION RESOURCES

- 6.1 This section provides an analysis of resources working on counter fraud. The introduction of the Single Fraud Investigation Service within the Department of Works and Pensions has had a significant impact on resources in some authorities.

7. COUNTER FRAUD AND ANTI-CORRUPTION PLAN

- 7.1 This concentrated on the type of plan that organisations have in place, whether it covered all types of fraud risk and how often it was reassessed.

8. FRAUD CASES IN LONDON LOCAL ATHORITIES

- 8.1 This section provides a summary in relation to the London authorities only, as the response rate was 100%.

9. FIGHTING FRAUD LOCALLY

- 9.1 The section briefly provides some feedback as to how well local authorities are performing against the areas covered by Fighting Fraud Locally Strategy.

10. EMERGING THREATS

- 10.1 The list of emerging threats identified are as follows:
- Procurement Fraud, ranging from the concept of a project through to contract management.
 - Organisational change which leads to fraud risks.
 - Personal Budgets and Direct payments
 - Housing Tenancy Fraud
 - Cyber and E-Enable Fraud

11. RECOMMENDATIONS

- 11.1 Members note the report.

Source: Chartered Institute of Public Finance and Accounting – Fraud and Corruption Tracker – Summary Report 2015

<http://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker>