

AUDIT PANEL

Day: Tuesday
Date: 7 March 2017
Time: 2.00 pm
Place: Lesser Hall 2 - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	APOLOGIES FOR ABSENCE To receive any apologies for the meeting from Members of the Panel.	
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Panel.	
3.	MINUTES The Minutes of the meeting of the Audit Panel held on 1 November 2016 to be signed by the Chair as a correct record.	1 - 4
4.	GRANT CERTIFICATION REPORT To consider a report of the Assistant Executive Director (Finance).	5 - 10
5.	RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES To consider a report of the Assistant Executive Director (Finance).	11 - 20
6.	CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY - FRAUD AND CORRUPTION TRACKER To consider a report of the Assistant Executive Director (Finance).	21 - 54
7.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

This page is intentionally left blank

AUDIT PANEL

Tuesday, 1 November 2016

Commenced: 2.00 pm

Terminated: 2.50 pm

Present: Councillors Ricci (Chair), Ryan (Deputy Chair), Bailey, Buckley, Fairfoull, J Fitzpatrick and K Welsh

In Attendance: Sandra Stewart Executive Director of Governance, Resources and Pensions

Wendy Poole Head of Risk Management and Audit Services

13. DECLARATIONS OF INTEREST

There were no declarations of interest.

14. MINUTES

The Minutes of the proceedings of the meeting of the Audit Panel on 31 May 2016 were agreed and signed as a correct record.

15. PROGRESS REPORT ON RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES APRIL TO SEPTEMBER 2016

Consideration was given to a report of the Assistant Executive Director (Finance) and Head of Risk Management and Audit Services detailing the work undertaken by the Risk Management and Internal Audit Service between April and September 2016.

The following areas of work undertaken by Risk Management and the Internal Audit Service were reported as follows.

Risk Management and Insurance – the approved priorities for 2016/17 were detailed as follows:-

- To facilitate the continued implementation of the Information Governance Framework by:-
 - Providing advice and guidance in relation to information governance;
 - Keeping the framework up to date and fit for purpose with any new guidance issued by the Information Commissioners Office; and
 - Delivering and monitoring training for general users and for staff in high risk areas.
- To review the Business Continuity Management system in place to streamline the process to create a management tool that was workable, with a capability to provide knowledge and information should a major incident occur; and
- To continue to support managers to assess their risks as services were redesigned to ensure that changes to systems and procedures remained robust and resilient offering cost effective mitigation and that claims for compensation could be successfully repudiated and defended should litigation occur.

Panel Members were notified that the risk management system was under review and the Corporate Risk Register was now being presented to the Senior Management Team on a quarterly basis. Operational risk registers for quarter three would be compiled by service areas using the corporate risk register template.

With regard to Information Governance Framework a number of documents had been revised to take into account minor structural or procedural changes as follows:-

- Information Governance Policy had been updated to reflect structural changes and the addition of the revised Subject Access Request Guidance;
- Information Governance Conduct Policy had been updated to reflect the additional Subject Access Request Guidance;
- Information Security Incident Reporting Procedure had been updated to reflect some structural changes and included a practice note for undertaking investigations; and
- Subject Access Requests Guidance had been refreshed to ensure consistency across all areas of the Council.

With regard to Internal Audit, reference was made to the Audit Plan, which had been approved in May 2016 and covered the period April 2016 to March 2017. An update on progress against the plan to 30 September 2016 was provided. It was reported that 42% of the audit plan had been achieved so far, compared with 41% at this stage during 2015/16. It was explained that performance to date had been affected by reduced resources, annual leave and ad hoc requests for reviews, advice and support which were not included in the original plan. It was further explained that the Audit Plan was responsive to the needs of the organisation and as such, it was normal practice to amend the plan during the year.

The annual audit plan progress as at 30 September 2016 was outlined to Members. In total, 761 actual days had been delivered with 920 days remaining. A revised plan for 2016/17 would be reported to a future meeting of the Panel.

During the first half of the year, ten final reports had been issued in relation to systems, risk and managed audits. In addition, seven draft reports had been issued for management review and responses and these would be reported to the Panel in due course. Two school audits were completed during the period, the results of which were summarised. In addition, six visits had been completed and the draft reports were being reviewed before they were issued to Schools for management review and responses.

It was further reported that the review of Internal Audit against the Public Sector Internal Auditing Standards (PSIAS) highlighted that the service was fully compliant with the requirements of the standard. PSIAS, introduced from April 2013, required at Standard 1312 that each organisation's internal audit service was subject to an external assessment "once every five years by a qualified, independent assessor or assessment team from outside the organisation". Across AGMA and the wider North West a Peer Review process had been developed by the Chief Audit Executive Group and piloted in Blackburn and Blackpool. Feedback from both the reviewers and those being assessed was summarised. Three options had been considered as follows:-

- Local Authority Peer Review;
- Chartered Institute of Public Finance and Accountancy; and
- Chartered Institute of Internal Auditors.

Following detailed discussion the Panel made the decision to support the Local Authority Peer Review option.

An update was given on the four annual governance statement development areas concerning the ongoing level of change across the organisation, the move towards an Integrated Care Organisation, Vision Tameside and Greater Manchester Pension Fund Pooling. An update was also provided on work undertaken on NAFN Data and Intelligence Services.

With regard to Irregularities/Counter Fraud Work a summary of cases, which had been investigated during the period April to September 2016, was provided. In total, 19 cases had been received with

13 still under investigation. Members requested that for future reporting the table contained within the report should include a column detailing the fraud amount.

RESOLVED:

- (i) That the report and performance of the Service Unit for the period April to September 2016 be noted;**
- (ii) That the Information Governance Policy be approved;**
- (iii) That the Information Governance Conduct Policy be approved;**
- (iv) That the Information Security Incident Reporting Procedure/Practice Note be approved;**
- (v) That the Subject Access Requests Guidance be approved; and**
- (vi) That support be given to the Peer Review process for the Assessment of Internal Audit as outlined in the report.**

16. LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

Consideration was given to a report of the Assistant Executive Director (Finance) and Head of Risk Management and Audit Services summarising the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

Members were informed that the Local Audit and Accountability Act 2014 abolished the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees. The Secretary of State Communities and Local Government had recently determined that the transitional arrangements for local government bodies would be extended by one year to include the audit of the accounts for 2017/18.

The Council would be able to move to a local appointment of an auditor when the current arrangements came to an end on 31 March 2018. There were three options each with varying risks and opportunities as follows:-

- To make a stand-alone appointment;
- To set up a joint auditor panel/local joint procurement arrangements; or
- To opt-in to a Sector Led Body.

The advantages and disadvantages of each option were discussed. Two of the three options would necessitate the establishment of an independent Auditor Panel either specifically for the Council or in collaboration with partners. The Chartered Institute of Public Finance and Accountancy had published guidance for establishing an Auditor Panel, which was appended to the report and considered by the Panel.

It was confirmed that no costing information was available for any of the three options, however, it was anticipated that the least costly option would be to set up a joint auditor panel/local joint procurement arrangements.

It was reported that the preferred option of the ten Greater Manchester authorities and the Greater Manchester Combined Authority Treasurers was for a Greater Manchester level procurement. This option allowed for economies of scale and enabled a single firm to be able to discharge external audit functions across the conurbation. It also allowed the auditor to take a more strategic approach and should facilitate increased added value in supporting the audited bodies on complex accounting and audit matters whilst minimising the time and cost of separate procurements across Greater Manchester.

The Panel were notified that the Council had until December 2017 to make an appointment of an external auditor from April 2018, meaning that one of the options would need to be in place by spring 2017 in order for the contract negotiation process to be carried out during 2017.

RESOLVED:

- (i) That the report be noted;
- (ii) That the preferred option for Members be a joint auditor panel/local joint procurement arrangements; and
- (iii) That approval be given for the Council's Section 151 officer to take the appropriate actions to progress a commissioning and procurement process for the establishment of an Auditor Panel in consultation with the other Greater Manchester Authorities and the Greater Manchester Combined Authority.

17. RISK MANAGEMENT

Consideration was given to a report of the Assistant Executive Director (Finance) and Head of Risk Management and Audit Services detailing a revised and updated Corporate Risk Register, a copy of which was appended to the report.

It was explained that risk management was facilitated by the Risk Management and Audit Service and risks were owned by members of the Executive Team with support from Assistant Executive Directors, managers and staff. The Senior Management Team had been consulted with and their comments had been incorporated into the updated risk register.

It was reported that a number of risks had been merged to remove duplication, including risks relating to ICT and Emergency Planning. Successfully managed risks, including collection rates for Council Tax and revised Employee Terms and Conditions, had been removed and the following new risks had been added to the register:-

- Failure to manage the local home care market to deliver appropriate and timely care packages.
- Insufficient care home capacity in the local market to provide appropriate placements or people requiring long term care.
- Failure to open a new secondary school in September 2018.

The Corporate Risk Register would continue to be presented to the Senior Management Team on a quarterly basis with regular updates provided to the Panel. It had also been agreed to separate the risk register into corporate and operational risk, which recognised that they were different but not of lower or greater weight.

RESOLVED


- (i) That the report be noted; and
- (ii) That the Corporate Risk Register be approved.

18. URGENT ITEMS

There were no urgent items.

CHAIR

Agenda Item 4.

Report To:	AUDIT PANEL
Date:	7 March 2017
Reporting Officer:	Ian Duncan – Assistant Executive Director (Finance)
Subject:	GRANT THORNTON – GRANT CERTIFICATION REPORT 2015/16
Report Summary:	The attached report from Grant Thornton sets out the Grant Certification Report for 2015/2016.
Recommendations:	That the Audit Panel notes the report.
Links to Community Strategy:	Effective corporate governance and a robust approach to economy and efficiency underpin the delivery of the Community Strategy; the role of the External Auditor is to assist the Council to achieve this.
Policy Implications:	External audit of the Council supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the Section 151 Officer)	The certification of the grants outlined in the report ensures that the level of grant income received is maximised and correct.
Legal Implications: (Authorised by the Borough Solicitor)	Demonstrates compliance with the Accounts and Audit Regulations 2011.
Risk Management:	Ensuring that the Council meets the required standards in financial reporting, supports corporate governance objectives and ensures risk is managed.
Access to Information	The background papers can be obtained from Beverley J Stephens, Head of Resource Management by contacting:  Telephone: 0161 342 3887  e-mail: beverley.stephens@tameside.gov.uk

This page is intentionally left blank



Grant Thornton

An instinct for growth™

Ian Duncan
Assistant Executive Director, Resources
Tameside Metropolitan Borough Council
Council Offices
Two Trees Lane
Denton
M34 7QL

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

T 0161 234 6362

www.grant-thornton.co.uk

16 January 2017

Dear Ian

Certification work for Tameside Council for year ended 31 March 2016

We are required to certify the Housing Benefit subsidy claim submitted by Tameside Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015

We have certified the Housing Benefit subsidy claim for the financial year 2015/16 relating to subsidy claimed of £88.9 million. Further details are set out in Appendix A.

We identified a small number of issues from our certification work which we wish to highlight for your attention:

- we identified one underpayment of non HRA rent rebate within our initial sample of 20 cases. Our extended testing of a further 40 non HRA payments identified one further underpayment.
- we identified one case in our rent allowance initial sample of 20 where the incorrect (higher) LHA rate had been applied. Our extended testing of a further 40 identified one further case where an incorrect (lower) LHA rate had been applied. The Council reviewed all relevant LHA rates applied and amended the subsidy claim accordingly.
- we identified one case in our initial rent allowance sample where an eligible overpayment of benefit had been incorrectly classified and should have been attributed to Local Authority error. Our extended testing of an additional 40 cases found a further seven cases where the reason for overpayment had been incorrectly classified. The Council amended the subsidy claim for these errors, however we concluded that even with further additional audit testing we would be unable to conclude that the entire overpayment classifications on the claim are fairly stated.

As a result of the errors identified, the claim was amended and qualified where necessary, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for 2015/16 for the Council was based on the final 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year, and amended to reflect actual work required. The indicative scale fee was charged to the Council as set by the PSAA being £38,773. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, slightly stylized font.

Grant Thornton UK LLP



Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£88,919,468	Yes	£2,325	Yes	See above

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£32,430	£38,773	£38,773	0	scale fees are set and published by PSAA Ltd on their website at http://www.psaa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/
Total	£32,430	£38,773	£38,773	0	

Agenda Item 5.

Report To:	AUDIT PANEL
Date:	7 March 2017
Reporting Officer:	Ian Duncan – Assistant Executive Director (Finance) Wendy Poole – Head of Risk Management and Audit Services
Subject:	PROGRESS REPORT ON RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES APRIL 2016 TO 3 FEBRUARY 2017 (WEEK 44)
Report Summary:	To advise Members of the work undertaken by the Risk Management and Internal Audit Service between April 2016 and 3 February 2017 and to comment on the results.
Recommendations:	That Members note the report and the performance of the Service Unit for the period April 2016 to 3 February 2017.
Links to Community Strategy:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the Section 151 Officer)	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor)	Demonstrates compliance with the Accounts and Audit Regulations 2015.
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the council's operations are being effectively managed.
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 contacting:-  Telephone: 0161 342 3846  e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

- 1.1 This is the second progress report for the current financial year and covers the period April 2016 to 3 February 2017.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Internal Audit Service during the first half of the year in respect of the approved Plan for 2016/2017, which was presented to the Audit Panel in May 2016.

2. RISK MANAGEMENT AND INSURANCE

- 2.1 The Risk Management and Insurance Team provide services to the whole Council including schools. The key priorities for the team during 2016/2017 are:-

- To review the risk management system and facilitate the delivery of risk workshops for managers to enable risk registers to be updated.
- To facilitate the continued implementation of the Information Governance Framework by:-
 - Providing advice and guidance in relation to information governance;
 - Keeping the framework up to date and fit for purpose with any new guidance issued by the Information Commissioners Office (ICO);
 - Delivering and monitoring training for general users and for staff in high risk areas.
- To review the Business Continuity Management system in place to streamline the process to create a management tool that is workable, with a capability to provide knowledge and information should a major incident occur.
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.

- 2.2 Work during the period has concentrated on the insurance function. The Risk and Insurance Officer is currently on Maternity Leave and her role is being covered in part by an Apprentice. All other aspects of her role are being covered by the Head of Risk Management and Audit. Preparation for renewal 2017/18 and dealing with the Insurance claim relating to the Cromwell fire have been prioritised.

- 2.3 Work in relation to Risk Management, Information Governance and Business Continuity Planning will be prioritised on the return of the Risk and Insurance Officer.

- 2.4 The Information Governance Group has met twice during the period to discuss Information Governance across the Council. With the support of the Senior Management Team an Information Champions Group is to be created and facilitated by Risk/Insurance and Legal. The aim of the group will be to help disseminate best practice within directorates and assist with preparations for the introduction of the General Data Protection Regulations 2018, which introduce more stringent controls in relation to data protection.

3. INTERNAL AUDIT

- 3.1 The Audit Plan approved on 31 May 2016 covered the period April 2016 to March 2017 and totalled 1,798 Days. This was made up of 1,323 days on planned audits and 475 days on reactive fraud work.

3.2 Table 1 below provides an update on progress against the plan to 3 February 2017. The actual days delivered are 1291, which equates to 77% of the Revised Audit Plan for 2016/17 of 1,686.

3.3 **Table 1 – Annual Audit Plan Progress as at 3 February 2017**

Service Area / Directorate	Approved Plan 2016/17	Revised Plan 2016/17	Actual Days To 3 Feb 2017	% Complete
People	250	236	181	77
Public Health	51	43	39	91
Place	222	151	139	92
Governance and Resources	262	202	131	65
Schools	175	224	172	77
Cross Cutting	63	55	49	89
Greater Manchester Pension Fund	300	300	199	66
Planned Days 2016/17	1,323	1,211	910	75
Proactive Fraud Work and Irregularity Investigations	475	475	395	83
Total Days 2016/17	1,798	1,686	1,305	77

3.4 A detailed review of the audit plan has been undertaken in conjunction with senior management to ensure that the plan is still relevant and meets with available resources within the team. The original plan of 1,798 days which represented planned work was based on estimated resources at the beginning of the year and did not take into account losing a very experienced Auditor in June and a Fraud Investigator in August. Whilst both vacancies have now been filled the new postholders are still being trained. Furthermore, as the plan is reactive to the needs of the Council additional items are requested in year due to changes in circumstances or new risks being identified. In addition to this some audits take longer to conclude due to issues and problems identified.

3.5 In terms of the revised plan (shaded in blue above), the key changes which are reflected in the figures are highlighted in table 2 below.

3.6 The planning process is underway for 2017/18 and the draft plan will be presented to the next meeting of the Panel. All audits are risk assessed including schools, taking into account duration since the last audit and therefore any audits that have been rescheduled from 2016/17 will score highly on that feature in the risk assessment.

3.7 **Table 2 Changes to the Annual Plan 2016/17 as at February 2017**

Service Area	Audits Rescheduled	Audits Added
People	Care Management Integrated Urgent Care Team	

Service Area	Audits Rescheduled	Audits Added
	Community Safety Children's Safeguarding	
Public Health	Data Analysis and Interpretation	
Place	Inspired Spaces Monitoring of the Catering Contract Planning Process Estate Management, Disposal and Acquisition Building Schools for the Future Network Security	Cyber Security
Governance and Resources	Risk Management Procurement Information Risk Management Determination and Recovery of Charges	Car Allowance Annual Review Assurance Work in relation to the Review of Terms and Conditions
Schools	Five Rescheduled	Five Added
Cross Cutting	Integrated Care Organisation	BACS – New System Sign Off
Greater Manchester Pension Fund	Pooling of Investments Compliance Function Secure Transfer of Data	Review of Fund Manager – Investec Visits to Contributing bodies

3.8 During the four month period to 3 February 2017, 7 Final Reports were issued in relation to systems, risk and managed audits, the results of which are summarised in table 3 below.

Table 3 – Final Reports Non-Schools

Opinion	Number	%	Total To Date	Total for 2015/16
High	3 (2)	43	4 (2)	6 (4)
Medium	1 (0)	14	9 (5)	14 (3)
Low	3 (0)	43	4 (1)	5 (0)
Totals	7 (2)	100	17 (8)	25 (7)

Note: The figures in brackets relate to Final Reports issued for the Pension Fund.

3.9 In addition to the final reports issued above, 8 Draft Reports have been issued for management review and responses and these will be reported to the Panel in due course.

3.10 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken fall into this category:-

- Hattersley Collaboration Agreement
- Public Health Grant
- Local Transport Settlement Grant
- Troubled Families Financial Claim Verification
- Pension Scheme Verification Checks
- Bus Subsidy and Pinchpoint Grants
- Terms and Conditions Assurance work
- Pension Fund – Valuation Assurance Work
- Libraries - New system Sign Off
- Bank Transfer consultancy Work

3.11 9 School Audits were completed during the period, the results of which are summarised in table 4 below.

Table 4 – Final Reports Schools

Opinion	Number	%	Total To Date	Total for 2015/16
High	4	44	5	9
Medium	4	44	5	7
Low	1	12	1	5
Totals	9	100	11	21

3.12 In addition to the final reports issued above, 1 draft report has been issued to the School for management review and responses and this will be reported to the Panel in due course.

3.13 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance is issued the post audit review is scheduled for three months to ensure that the issues identified are addressed. 11 Post Audit Reviews have been completed during the period taking the total for the year to 19. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented. A further 18 Post Audit Reviews are in progress, which will be reported to the Panel at a future meeting.

4. REVIEW OF INTERNAL AUDIT

4.1 The review of Internal Audit reported to the Audit Panel on 31 May 2016 against the Public Sector Internal Auditing Standards (PSIAS) highlighted that the service is fully compliant with the requirements of the standard.

4.2 In line with Standard 1312, which states that each organisation’s internal audit service is subject to an external assessment “once every five years by a qualified, independent assessor or assessment team from outside the organisation”. The service will be assessed during 2017/18, using the Peer Review Methodology designed by the North West Chief Audit Executive Group. A date later in the year has been requested as the Audit Management System needs to be upgraded and we want to ensure that the revised processes introduced are embedded before the review is undertaken.

5. ANNUAL GOVERNANCE STATEMENT 2015/16

5.1 The Annual Governance Statement presented to the Audit Panel on 31 May 2016 and approved by the Overview (Audit) Panel on 12 September 2016 highlighted four areas for development. Table 5 below provides an update on progress to date.

5.2 Table 5 – Annual Governance Statement Development Areas

Development	Progress to Date
<p>The ongoing level of change across the organisation, reduced resources and staff capacity to deliver the challenges faced by the Council is managed by ensuring that proper governance procedures and risk management are in place to safeguard that the overall control environment is not adversely affected.</p>	<p>A risk based Internal Audit plan is in place which addresses the keys risks facing the council. Risk management is embedded in service delivery as all reports submitted for decisions by both officers and members have to detail the risk implications to ensure that they are being managed. Assistance from Risk Management and Audit is provided when requested. The Corporate Risk Register is regularly reviewed by the Senior Management Team.</p>
<p>As we move towards an Integrated Care Organisation it is critical that strong governance arrangements are in place to ensure that positive outcomes are achieved through robust systems and procedures that are open and transparent and monitored accordingly.</p>	<p>Ongoing meetings are taking place to ensure that strong governance arrangements are introduced. The Internal Auditors for both the Council and the Clinical Commissioning Group are involved in reviewing progress. The Chief Executive is now the Accountable Officer for the NHS Tameside and Glossop Clinical Commissioning Group. A new management structure is now in place and the membership of the Executive Team and Senior Management Team has been reviewed to reflect this.</p>
<p>Vision Tameside, which is a multi-million pound project in partnership with Tameside College, is delivered in accordance with agreed milestones and that the risks to service delivery during the interim period are kept under review to minimise disruption to the people and businesses of Tameside so that together the mutual benefits of the project will be recognised and celebrated. It is also important to ensure that the benefits of the new building are realised in terms of different ways of working and reducing future running costs.</p>	<p>Regular reports are provided to the Senior Management Team, Board and Cabinet. A project board meets regularly.</p>
<p>Greater Manchester Pension Fund is working with other large metropolitan LGPS funds to create a £35 billion asset pool. Pooling of assets will provide greater scope to allow the</p>	<p>The Government has provided its approval to the submission made by Greater Manchester Pension Fund, West Yorkshire Pension Fund and the</p>

Development	Progress to Date
funds to invest in major regional and national infrastructure projects such as airport expansion, major new road and rail schemes, housing developments and energy production growth, all driving economic growth and prosperity. Strong governance arrangements will need to be in place, underpinned by robust and resilient systems and procedures to ensure the desired outcomes are realised.	Merseyside Pension Fund to create the Northern Pool. Representatives of the Fund will continue to work closely and seek professional advice as required in order to create the Pool during 2017 and 2018.

6. IRREGULARITIES/COUNTER FRAUD WORK

- 6.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.
- 6.2 All investigations and assistance cases are reviewed by the Standards Panel every month and where appropriate the members of the Panel challenge and comment on the cases and offer further guidance and direction. Assistance cases can range from obtaining information for an investigating officer to actually undertaking a large proportion of the analysis work to provide evidence for the investigatory process.
- 6.3 Work is ongoing to refresh all documentation in relation to Fraud, Corruption and Bribery to ensure compliance with the following strategies, codes of practice and guidance:-
- Fighting Fraud and Corruption Locally
 - CIPFA Fraud and Corruption Tracker Report 2016
 - CIPFA Code of Practice on Managing the Risk of Fraud and Corruption
- 6.4 The number of cases investigated during the period April 2016 to February 2017 are summarised in Table 6 below.

Table 6 – Investigations Undertaken from April 2016 to September 2017

Detail	April 16 to Sept 16 No. of Cases	April 16 to Feb 17 No. of Cases
Cases B/Forward from 2015/2016	12	12
Current Year Referrals	7	12
Total	19	24
Cases Closed	6	8
Cases Still under Investigation	13	16
Total	19	24
Assistance Cases	1	3

- 6.5 The National Fraud Initiative 2016 Data Matching Exercise results are now becoming available and investigations into these matches will commence shortly and the results will be reported to future panel meetings.

7. NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

- 7.1 The National Anti Fraud Network Annual General Meeting and Summit was held at the Royal York Hotel in York on 30 November 2016. The theme of the event was Improving Performance and Outcomes and was attended by 173 delegates representing 89 member organisations. The overall satisfaction rating received from delegates was 92%.
- 7.2 The event for 2017 will be based in London and any areas for improvement identified by delegates will be built into the preparation planning process as the Executive Board are keen to ensure that they respond to comments received.
- 7.3 At the Executive Board Meeting in January 2017, the Tameside Head of Risk Management and Audit was confirmed as the chair for the next twelve months, making this the eighth year in this position.
- 7.4 Table 7 below, shows the number of requests received for the period April to December 2016 compared to the two previous years.

Table 7 – Performance Figures for NAFN April to December 2016

Type Of Request	April to Dec 2016/17	April to Dec 2015/16	April to Dec 2014/15	% Increase (Decrease)
General	35,128	48,324	50,986	(27%)
Social Security Fraud Act	0	10,535	42,823	-
Authorised Officer Services – <ul style="list-style-type: none"> • Council Tax Reduction Scheme • Prevention of Social Housing Fraud Act 	6,054	4,740	2,279	28%
Driver and Vehicle Licensing Agency	11,538	10,819	17,052	7%
Regulation of Investigatory Powers Act	667	780	2,306	(14%)
Online Requests	72,056	51,368	39,540	40%
TOTALS	125,443	126,566	154,986	1%

- 7.5 A Service Redesign was presented and approved by the Council's Employer Consultation Group in December 2016 to increase the size of the team by adding a Business Development Manager and two Administrative Support Officers to ensure that roles and responsibilities are allocated to the correct level in the structure. Recruitment for these posts is now underway.
- 7.6 The Project Manager who had only been in post since May 2016 also left in December to take up a post in another organisation and again the recruitment for this post is underway.

7.7 Unfortunately these vacancies will have a negative impact on the development of services and it is hoped that recruitment will be swift and successful so that the service can continue to develop and meet the needs of members, key partners and stakeholders.

8. PROCUREMENT OF EXTERNAL AUDITORS - LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

8.1 A report was presented to the Joint Executive Cabinet/Audit Panel Meeting on 8 February 2017 which recommended that the Council opts into the Sector Led option for the procurement of external auditors being managed by Public Sector Audit Appointments Limited.

9. RECOMMENDATIONS

9.1 That members note the report and the performance of the Internal Audit Service for the period April 2016 to 3 February 2017.

This page is intentionally left blank

Agenda Item 6.

Report To:	AUDIT PANEL
Date:	7 March 2017
Reporting Officer:	Ian Duncan – 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 2016.
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 is divided into several sections:-
- Summary;
 - Recommendations;
 - Introduction;
 - Main Types of Fraud;
 - Other Types of Fraud;
 - Whistleblowing;
 - Counter Fraud and Corruption Resources ;
 - Sanctions;
 - Fighting Fraud and Corruption Locally;
 - Emerging Areas; and
 - Financial Investigations.
- 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. SUMMARY AND INTRODUCTION

- 2.1 The 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 2015/16. The report covers a host of public sector organisations, including local authorities, police and crime commissioners, transport authorities, fire and rescue authorities, waste authorities and public agencies. 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	Approximate Percentage
Counties	62
London authorities	93
Metropolitan Unitaries	75
Unitary (non-met) authorities	61
Districts	47
Other authorities	11

3. MAIN AND OTHER 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 – Main and Other Types of Fraud

Types of Fraud	Fraud Type By Volume	% of the Total	Estimated Value of Fraud Detected £m	% of the Total Value	Tameside Value
Council Tax	57,681	65.7	24.1	7.40	£300,000 (1,052)
Housing Benefit	11,902	13.5	40.5	12.5	
Disabled Parking Concession (Blue Badge)	6,578	7.50	3.0	0.90	
Housing	5,823	6.60	207.9	64.1	
Debt	1,053	1.20	0.2	0.10	
Business Rates	706	0.80	8.2	2.50	
Welfare Assistance	616	0.70	0.1	0.02	
Procurement	613	0.70	6.2	1.92	£102,000 (1)
Insurance	382	0.43	5.3	1.62	
Adult Social Care	323	0.37	2.9	0.90	£116,000 (4)
No Recourse to Public Funds	251	0.29	8.7	2.67	
Mandate	216	0.25	7.2	2.22	
School	182	0.21	0.9	0.26	
Payroll	163	0.19	0.3	0.10	
Recruitment	143	0.16	0.7	0.23	
Pensions	89	0.10	0.6	0.18	
Economic and Vol. Sector	61	0.07	1.5	0.47	£4,000 (1)
Expenses	50	0.06	0.5	0.15	
Children's Social Care	29	0.03	0.3	0.09	£25,000 (1)
Manipulation of Data	24	0.03	n/a	n/a	
Investments	1	0.00	0.2	0.07	
Other Fraud	983	1.12	5.3	1.65	£1,000 (2)
Total	87,869	100	324.6	100	£548,000 (1,061)

4. WHISTLEBLOWING

4.1 This section of the report provides feedback regarding whistleblowing policies, and in summary all respondents had a whistleblowing policy and just over half reviewed this policy on an annual basis.

5. COUNTER FRAUD AND CORRUPTION RESOURCES

5.1 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.

6. SANCTIONS

- 6.1 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.

7. FIGHTING FRAUD AND CORRUPTION LOCALLY

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

8. EMERGING AREAS

- 8.1 The survey did not ask a question specifically about emerging trends for 2015/16. However, some areas were identified as growing:-

- Procurement Fraud;
- Right to Buy Fraud; and
- Business Rates.

- 8.2 Personal Budgets and Direct Payment frauds decreased in total from 287 cases in 2014/15 to 2015 in 2015/16. From the responses received it is clear that the fraud risk in social care is not diminishing, however, better controls in some aspects may be having an effect.

- 8.3 At the request of the Home Office respondents were asked to identify the highest risk to their organisation and the results are summarised below:-

- Council Tax;
- Housing;
- Procurement;
- Adult Social Care; and
- Housing Benefit.

9. FINANCIAL INVESTIGATION

- 9.1 Financial Investigators are those professionally accredited for the purpose of recovering assets in accordance with the Proceeds of Crime Act 2002 (POCA). Nearly half of respondents to the survey (44%) had no access to financial investigations resources, while 56% did have access.

- 9.2 Where used organisations had been awarded £27.5m by courts through the Proceeds of Crime Act (excluding housing and council tax benefit) over the last three years. Of this money a total of £18.4m had been recovered.

10. SURVEY RECOMMENDATIONS

- 10.1 As a result of the survey the Chartered Institute of Public Finance and Accountancy recommends the following:-

- Public sector organisations should carry out fraud assessments regularly and have access to appropriately qualified counter fraud resources to help mitigate the risks and effectively counter any fraud activity.

- All organisations should undertake an assessment of their current counter fraud arrangements.
- In line with the Fighting Fraud and Corruption Locally Board suggestion, local authorities should examine and devise a standard and common methodology for measuring fraud and corruption. Once it has been agreed, local authorities should use the measure to estimate levels of fraud and corruption.
- It is as important to prevent fraud that has no direct financial interest, such as data manipulation and recruitment, as it is high value fraud.
- Organisations should develop joint working arrangements where they can with other counter fraud professionals and organisations.
- Public bodies should continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element.
- Authorities should ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.

10.2 The recommendations from this report, together with the Fighting Fraud and Corruption Locally Strategy and the Code of Practice on Managing the Risk of Fraud and Corruption will be used to refresh all documentation in relation to Fraud, Corruption and Bribery.

11. RECOMMENDATIONS

11.1 Members note the report.

Source: Chartered Institute of Public Finance and Accounting – Fraud and Corruption Tracker – Summary Report 2016

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

This page is intentionally left blank

fraud and corruption tracker

Summary Report 2016



Contents

3	Foreword
4	Summary
5	Recommendations
6	Introduction
7	Main types of fraud
11	Other types of fraud
16	Whistleblowing
16	Counter fraud and corruption resources
18	Sanctions
19	Fighting Fraud and Corruption Locally
20	Emerging areas
22	Financial investigation
24	Appendix 1
25	Survey approach
27	Subscribe
27	Training
27	Whistleblowing e-learning
27	Anti-bribery and corruption e-learning

Foreword

Numerous reports and publications have been written to help organisations fight fraud. The reports raised awareness of fraud prevention, detection and deterrence activity across the sector and enabled local authorities to benchmark their responsiveness against other organisations facing similar risks and set best practice.

This report gives a national picture of fraud, bribery and corruption in the UK's public sector and the actions being taken to prevent it. It summarises the results of a survey carried out among authorities in England, Scotland, Wales and Northern Ireland by the CIPFA Counter Fraud Centre. The survey is supported by the National Audit Office (NAO), National Crime Agency (NCA) and Local Government Association (LGA). This is the second survey of this type conducted by the CIPFA Counter Fraud Centre and has given us the opportunity to look for achievements, trends and emerging threats in the sector.

This report will appeal to all areas of the public sector, including local authorities, health and the emergency services and will:

- help organisations understand where fraud losses could be occurring
- provide a guide to the value of detected and prevented fraud loss
- help senior leaders understand the value of anti-fraud activity
- assist operational staff to develop pro-active anti-fraud plans.

The survey was supported by:



National Audit Office



National Crime Agency



The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre, launched in July 2014, was created to fill the gap in the UK counter fraud arena following the closure of the National Fraud Authority (NFA) and the Audit Commission, and the subsequent transfer of benefit investigations to the Single Fraud Investigation Service (SFIS), run by the Department for Work and Pensions (DWP). The CIPFA Counter Fraud Centre leads and co-ordinates the fight against fraud and corruption across public services in providing a one-stop-shop for thought leadership, counter fraud tools, resources and training.

Fraud often knows no limit or boundary and thus it is CIPFA's intention to better equip public sector organisations in the future, through widening the scope of the survey to assist agencies locally and inform the national picture.



**CIPFA COUNTER
FRAUD CENTRE**

Summary

Since the closure of the Audit Commission there has been no requirement for local authorities to report fraud committed against them. CIPFA recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of local government bodies to provide services to people who need them. CIPFA's Counter Fraud Centre was set up to help the public sector develop cost-effective counter fraud arrangements and runs an annual survey to create a national picture of the amount, and types, of fraud carried out against public sector organisations.

This is the second CIPFA Counter Fraud and Corruption Tracker (CFaCT) report. The survey gathered data from across the UK and included:

- local authorities
- police and crime commissioners
- transport authorities
- fire and rescue authorities
- waste authorities
- public agencies.

Results from the 2016 survey:

- The largest area of growth in fraud investigation is in procurement. Investigations in this area went up by five times in the year.
- Business rates continue to be an area of concern with right to buy becoming an emerging risk, particularly in London.
- Respondents reported the number of non-benefit investigators has increased by nearly 50% since the 2014/15 report. Organisations with a limited counter fraud capability may not have completed the survey.
- 10% of organisations who responded have no dedicated counter fraud service.
- What is perceived as a high risk area for fraud varies across the country and by organisation.
 - Non-local authority respondents (eg police, fire and rescue services, and passenger executives) reported that their top three areas of fraud risk were:
 - procurement
 - expenses
 - manipulation of data.
 - Local authority respondents noted their largest fraud risk areas as:
 - council tax
 - housing procurement.
- CIPFA estimates approximately £325m worth of fraud has been detected or prevented within the public sector in 2015/16.
- CIPFA estimates approximately 88,000 cases were investigated in 2015/16 across the UK, representing an average value of £3,600 per case.
- 56% of respondents had access to a financial investigation resource which allowed them to recover money from convicted fraudsters. Respondents recovered £18.4m through proceeds of crime investigations.
- The highest number of investigations covered council tax fraud (65%) with an estimated value loss of £24m. The highest value gained from investigations was in the area of housing fraud and totalled £208m.
- Respondents told us that their biggest issues in countering fraud were:
 - having the capacity to identify fraud risk and investigate allegations
 - having effective fraud risk assessment and management
 - barriers to data sharing.

Recommendations

CIPFA recommends the following:

- Public sector organisations should carry out fraud assessments regularly and have access to appropriately qualified counter fraud resources to help mitigate the risks and effectively counter any fraud activity.
- All organisations should undertake an assessment of their current counter fraud arrangements.
- In line with the Fighting Fraud and Corruption Locally Board suggestion, local authorities should examine and devise a standard and common methodology for measuring fraud and corruption. Once it has been agreed, local authorities should use the measure to estimate levels of fraud and corruption.
- It is as important to prevent fraud that has no direct financial interest, such as data manipulation and recruitment, as it is high value fraud
- Organisations should develop joint working arrangements where they can with other counter fraud professionals and organisations.
- Public bodies should continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element
- Authorities should ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.

Introduction

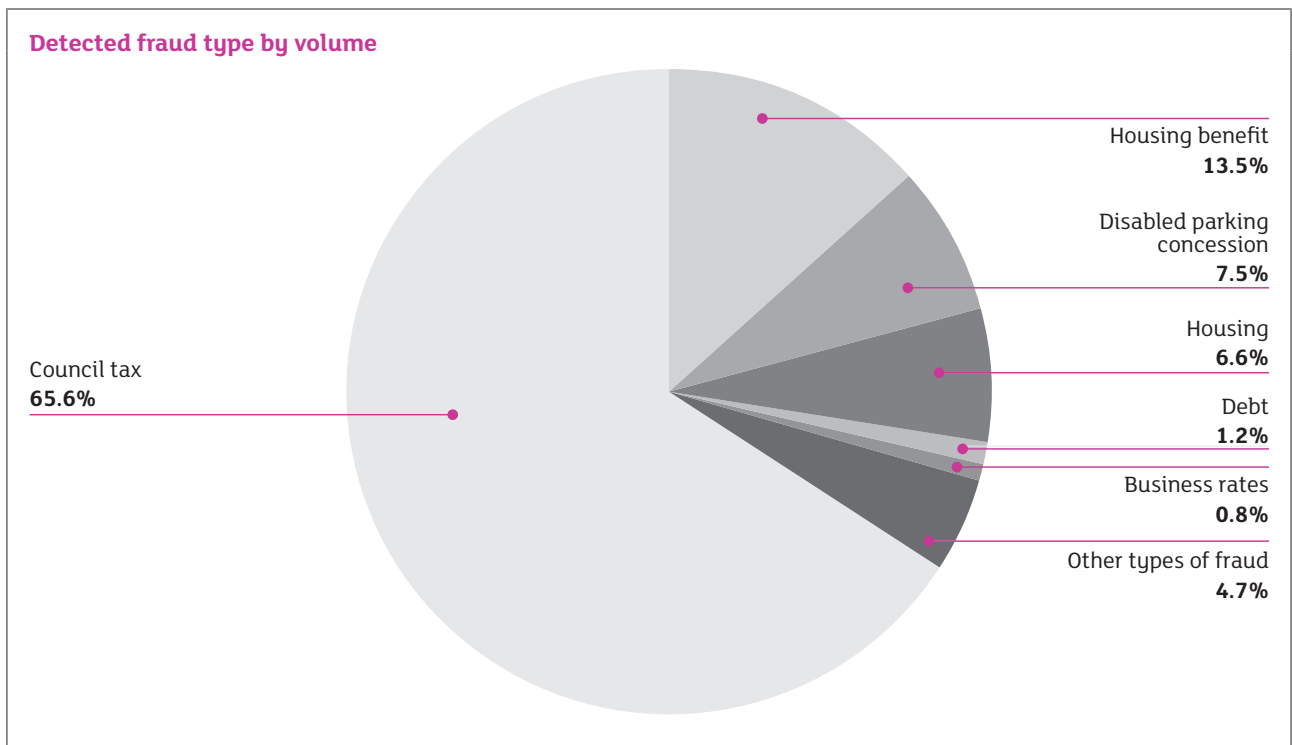
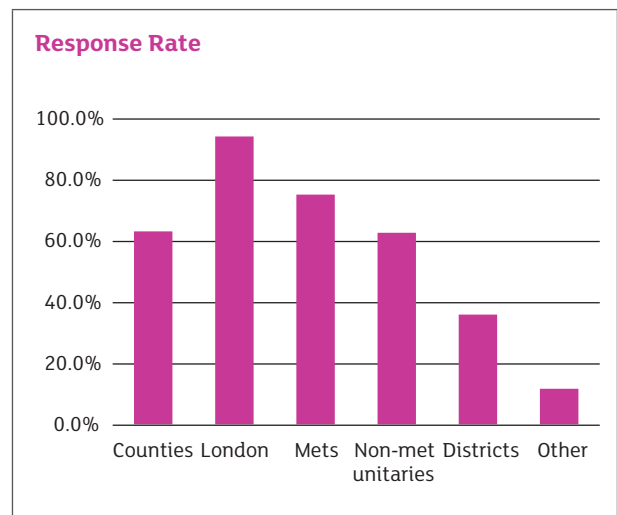
This report is based on the findings of the CIPFA Fraud and Corruption Tracker (CFaCT) survey 2016 and identifies and focuses on types of fraud activity common in the public sector such as procurement, housing and expenses.

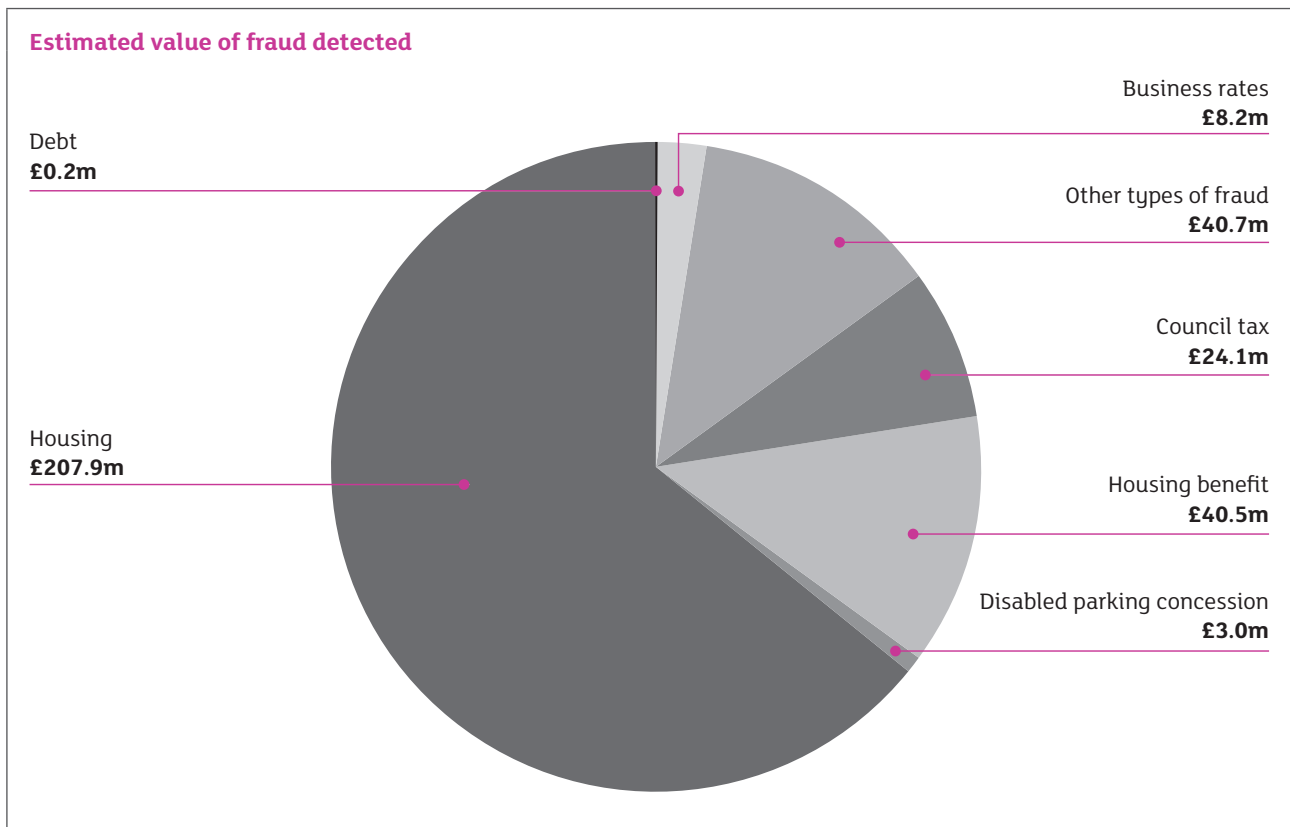
Fraud is an ongoing problem and this report seeks to examine the extent of the problem and recognise public sector organisations whose activity to tackle fraud has resulted in successes, either in the areas of prevention or detection. While it focuses on frauds specifically experienced in local authorities, many types of fraud discussed can be experienced by any organisations.

The CFaCT survey received a spread of results across all regions. We received a good response, particularly from London boroughs. The low response from district authorities could be due to the fact that larger fraud risks are managed at county level. District councils were also the most likely not to have access to a counter fraud function.

It is important to note that the measurement of the value of fraud loss has varied between authorities within several areas. For example, with regard to mandate fraud some organisations record the loss prevented and others record nothing at all.

Below are the response rates for the CFaCT survey:





Main types of fraud

Council tax

The area of council tax includes investigations in the following areas:

- council tax single person discount
- council tax reduction support
- other types of council tax fraud, eg other exemptions, discounts or evasion.

Council tax fraud represents the highest number of fraud cases reported by local authorities. According to respondents, 59 local authorities responsible for the collection of council tax undertook no investigations into the area of single person discounts. Of those authorities that did carry out council tax single person discount reviews, there is a wide variance in the number of cases recorded as fraud. There are three reasons for this:

1. Local authorities identify exceptions as a result of data matching exercises but do not undertake formal investigations in each matter.

2. Local authorities consider council tax single person discount fraud risk sits within their revenues department as a compliance issue rather than within their counter fraud teams.
3. Local authorities investigate specific cases of fraud as they are referred.

Local authorities are required to undertake local risk assessments and identify the most efficient way in which to mitigate high volume, low value fraud risk. Local authorities should consider carefully whether examining 2,500 exceptions:

- a. indicates a weakness in controls
- b. is a good use of the counter fraud resource
- c. is an issue that would be most efficiently managed within the authority's revenues department.

Many councils retain links with local DWP investigators to help with investigations into council tax reduction fraud. Such links can prove important to investigations in other areas, including housing and social care frauds, where social security fraud may also be involved.

Single person discount, council tax reduction and other types of council tax fraud combined represent an estimated 57,681 cases and £24.1m in detected and prevented fraud.

Council tax fraud breakdown

	Volume of cases	Value of cases
SPD	44,012	£15.6m
CTR	12,078	£7.1m
Other	1,582	£1.4m
Total	57,681	£24.1m

Housing benefit

Fraud within the housing benefit scheme includes all deliberate and dishonest actions to obtain money to which the applicant was not entitled, including failure to report changes that would affect the amount of money paid.

Although local authorities are no longer responsible for the investigation of housing benefit fraud, it was still recognised as one of the top three risks for local authorities. Although the DWP has responsibility for the investigation of alleged fraud, it is the local authority's responsibility to collect any overpaid benefit. This generates a cost and risk for the authority.

Case study – Oldham Council

Oldham Council worked with DWP to create the Single Fraud Investigation Service (SFIS) as part of a 'pilot' National Programme. One of the key requirements of the pilot was to capture results in order to:

- inform the creation of the National Programme
- ensure that staff involved were sufficiently supported to allow a smooth transition
- develop an appropriate and responsive retained corporate counter fraud team.

In July 2014, the council was one of the first of five pilot authorities to transfer responsibility for the investigation of benefit fraud to the newly created SFIS. The council also retained some of the benefit investigators in order to develop a corporate counter fraud team to respond to alleged frauds committed against the council and help mitigate fraud risks faced by the council.

Audit and counter fraud managers created an in-house team with the skills to meet the current and future needs of the council. The two key areas being:

- recognising any residual risk to the council following the transfer of benefit fraud to SFIS, and developing effective processes for cases involving claims for CTR and the role of the retained council team
- determining the appropriate and adequate level of resources for the retained team to meet demand and to continue to deliver a professional service in accordance with the agreed professional and technical quality standards.

The council's fraud team worked together with the SFIS around council tax fraud and the referral of potential housing benefit fraud cases. Both parties met other relevant agencies on a weekly basis to conduct local joint anti-fraud initiatives.

As a result of the SFIS the fraud team exceeded expectations and achieved three times more cases than in previous years and identified overpayments totalling £375,000.

£24.1m:
the estimated total of council tax fraud detected and prevented in 2015/16

According to respondents the number of housing benefit frauds investigated in 2014/15 was 12,989 cases and involved a loss value of £56.9m. The number of detected frauds reported in the CFaCT this year was 6,584 with a loss value of £21.7m. This is to be expected with the transfer of housing benefit fraud investigation now completely transferred to the DWP. However, 50 councils still saw benefit fraud as the largest risk area to the authority since the financial loss of benefit fraud is still borne by councils once the investigation is complete.

Housing and tenancy fraud

This category of fraud includes subletting, abandonment, housing application fraud, succession and right to buy fraud. There are three key points:

- In some areas of the country there is greater demand for housing and this increases the prevalence of fraud. Thus London boroughs identified housing fraud as their highest fraud risk. Some inner London boroughs face a greater risk than boroughs in the suburbs. The housing application process and proactive exercises such as tenancy audits help mitigate fraud risk.
- The value of right to buy fraud is higher in London than it is in other parts of the UK due to the overall cost of housing.
- There is a large variance in the values attributed to losses in the housing sector recorded within the survey. While any loss figure attached to council property is notional and does not have a tangible cash value, there is clearly a value in this type of investigation.

According to the survey, councils record the income lost to housing fraud according to different values. They ranged from being equal to a notional cost of replacing a property to the average cost for keeping a family in bed and breakfast accommodation for a year. Other councils recorded a loss based on the premise that each illegal sublet continues for a period of three years and simply multiplied an annual figure by three.

With regard to placing a value on the right to buy fraud cases, most local authorities would claim a representative or notional saving of the value of the discount. This is a common sense approach, but does not represent the saving to the local authority with regard to the prevention of the sale. A right to buy fraud is not solely a fraud in regard to the application, but a fraud discovered as a *result* of the application. For example, a local authority tenant applies to purchase a property and it transpires they have been illegally subletting.

The Fighting Fraud and Corruption Locally Board has recommended that a working group should produce a standard methodology for measuring fraud and corruption within local authorities. This methodology would be used to estimate levels across the UK.

Some local authorities, with and without housing stock, undertook investigations in the areas of temporary accommodation and private sector leasing. Some also undertook investigations for other social housing providers (eg housing associations). Where investigations were undertaken, local authorities either charged the housing associations for the delivery of the investigation by way of an hourly rate or in return for the nomination rights in the event that a property is recovered.

During 2014/15 the highest number of housing and tenancy cases reported was in subletting, followed by a mixture of housing fraud types such as succession and abandonment. While registering the lowest number of cases in this category, right to buy was listed as an emerging risk by many local authorities. With the increase in publicity in this area and the substantial discounts available it is an attractive offer for the fraudster as well as the legitimate tenant. This is a potential area of risk for housing associations in the future as the right to buy scheme is rolled out.

Housing fraud breakdown

	Volume of cases (est)	Value of cases (est)
Right to buy	1,394	£97.4m
Illegal sublet	1,825	£65.2m
Other*	2,604	£45.3m

*Other includes tenancy frauds that are neither right to buy or illegal sublet, and may include succession and false applications.

1,825:
the number of cases of subletting investigated during 2015/16

£207.9m:
the estimated value loss from investigated housing fraud during 2015/16

Case study – London Borough of Croydon

In 2015 the London Borough of Croydon worked with the United States Secret Service (USSS) to investigate an allegation against one of their tenants, Ms B. The allegation received through the local authority's online fraud referral service suggested that the tenant had been subletting their council house and had been living in the US for the last ten years.

The tenancy had been ongoing since 2003 when Ms B, registering as a lone parent with two children, submitted a housing benefit claim. Following the allegation Croydon's fraud team made enquiries and discovered that the children had not been registered for school or nursery in the borough, bar one short period. The current residents of the property included the woman's brother who admitted during interview that his sister lived in the US. The locks on the property were changed and although requests for the keys were made by the tenant's brother these requests were not complied with.

Utilising contacts developed at the Croydon Fraud and Enforcement Forum the local authority was able to contact the USSS and following the enquiry they confirmed that Ms B was living in the US at the address provided in the original referral.

Evidence from the USSS was offered to the court and on 16 December 2015 the order for possession was made with immediate effect.

Disabled parking (Blue Badge)

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered. In 2014/15 the number of cases reported was 2,545 and the value attributed to this loss by local authorities was £1.0m. The figure has increased to 4,723 in 2015/16.

The value attributed to disabled parking by most authorities is a notional one, since in most cases it is impossible to calculate the actual loss. As with other types of fraud, local authorities calculate the value in different ways and for some authorities the value of parking is greater than others. Value is attributed based on the parking charges within an authority but there is no direct financial recovery to be made from the identification of a Blue Badge fraud. In the event that a Blue Badge misuse is identified it is often prosecuted and the individual fined (which is paid to the court). The prosecuting authority is also awarded costs, however, these costs often do not meet the full cost of the investigation and prosecution.

Some local authorities invest more counter fraud resource in the investigation of disabled parking abuse than others, and not all councils attribute a value to the fraud or misuse. Some councils do not use investigators to look into allegations of Blue Badge fraud and 38 authorities recorded no cases of fraud in this category.

The misuse of Blue Badge is not a high value loss to most local authorities and in most cases there is no recovery to be made. However, the misuse of disabled parking can cause difficulties to disabled users who need the spaces and there is therefore value in the investigation.

Debt

Debt fraud includes fraudulently avoiding a payment of a debit to an organisation, excluding council tax discount. There were 975 cases investigated, however they represent a small portion of financial loss at £0.2m.

4,723:
the number of disabled parking cases
in 2015/16

London boroughs identified housing
fraud as their highest fraud risk

Other types of fraud

This section outlines some potentially high fraud risk areas. These risks are higher in some geographic locations and some organisations than others.

Social care and no recourse to public funds

Social care and welfare assistance was one of the highest types of 'other frauds' reported. In 2014/15, 287 cases of detected fraud in social care were reported and welfare assistance totalled 104 cases. Welfare assistance fraud was identified as one of the top three risks that local authorities were facing. This year CIPFA split the welfare assistance category to include adult social care, child social care and 'no recourse to public funds' (whereby someone can have permission to live in the UK but not to claim benefits, tax credits or housing assistance). Respondents reported that 234 cases of 'no recourse to public funds' had been investigated. There were 506 cases within the other welfare categories with the largest number in adult social care (219).

While it looks like social care fraud has increased, this could be in part due to the increase in investigators.

While 'no recourse to public funds' fraud presents a significant fraud risk to local authorities, it is primarily to be found in London, southeast England and larger metropolitan boroughs.

Several local authorities who identified that 'no recourse to public funds' was a risk have undertaken pro-active anti-fraud exercises in this area, including visiting recipients of the funds and undertaking fraud awareness exercises with those responsible administering the scheme.

Procurement fraud

This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations

in the 'purchase to pay' or post contract procedure, including contract monitoring.

Procurement fraud often involves significant sums of money and is recognised as a considerable fraud risk across all public sector organisations.

There can be sizeable difficulties in measuring the value of procurement fraud since it is seldom the total value of the contract but an element of the contract involved. The value of the loss especially post award can be as hard to measure, but equally significant.

During 2014/15, 60 cases of identified procurement fraud were reported. In this year's survey the number of cases increased by five times to 353 cases. We have used this figure to estimate that there could be as many as 613 cases totalling £6.2m across the UK annually.

CIPFA recommends that public bodies continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element. This area can be particularly difficult to enforce especially where there have been efficiency savings made in the area of contract monitoring.

Insurance claims

In 2014/15, CIPFA estimated the number of detected cases was 237 across the UK. This year the figure has risen to 312 cases and the average loss value is £13,000. CIPFA would recommend that organisations ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.

353:
the number of procurement fraud cases reported in 2015/16 – five times more than the previous year.

£13,000:
the average loss value to an insurance fraud case

Economic and voluntary sector (grant fraud)

Frauds in this area relate to the false application or payment of grants or financial support to any person and any type of agency or organisation. There were 28 reported cases in 2014/15 but this increased by a third in 2015/16 to 37. We estimate that nationally 61 cases were detected with a potential loss of £1.5m. Four organisations noted that grant fraud was an area of high risk, including a police authority and a passenger executive, which may suggest that this is an area that requires more focus.

Grant fraud is defined by Action Fraud as:

“Fraud relating to public funding and grants happens when individuals, organisations (including businesses and charities) or organised criminal groups claim public funding or grants that they are not eligible for. Fraudulent claims could be made to a number of public organisations for example local authorities, the Lottery Commission, European Union and the Student Loans Company.”¹

The fraud falls into two broad categories including:

Insider fraud – related to the identification of the needs of the deliverable, the specification of the project and the monitoring of the project, this can be the result of a lack of declarations of interest.

Delivery fraud – the organisation delivering the work claims to have delivered outcomes or services that it has not. This can be caused by poor governance arrangements in the organisation and/or a lack of monitoring on behalf of the awarding authority. This can be exacerbated by restrictions with regard to rights of audit of the grant funding organisation.

It is often difficult to measure outcomes in relation to the work of grant funded organisations. A high volume of low value grants can exaggerate the risk because it is simply not proportionate to undertake monitoring at a level that might find fraud.

Mazars LLP investigated an organisation on behalf of a grant awarding client. The organisation had received a grant to run a community event with public performances and a contract had been agreed.

Investigations undertaken by Mazars found that the organisation had posted video footage of previous events on YouTube as part of its proof of delivery. In addition, the organisation supplied bank statements, invoices and a licence allowing public performances. The investigation found that all the documents supplied had

been fabricated, including bank statements, invoices and a licence allowing public performances.

Manipulation of data (financial or non-financial)

The most common frauds within the manipulation of data relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation, it also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend. We estimate, based on the figures supplied to us, that across the UK there have been 24 cases of this type of fraud. However, it can be the case that this type of fraud does not receive the attention it requires for two reasons:

1. it is difficult to attach a value to data therefore it is hard for public bodies to report a success; of the eight cases that were reported in the CFaCT none had a value attached to it
2. there can be a reputational risk to the organisation, as a result some organisations can be less keen to investigate or report investigations in this area.

Pensions and investments funds pensions fraud

This includes all fraud relating to pension payments, including but not limited to failure to declare changes of circumstances, false documentation, or continued payment acceptance after the death of a pensioner. The estimated national value was £0.6m; no cases involved employees or councillors.

Investments fraud

There was only one case of investment fraud reported this year, but it was valued at over £208,000. There were 11 reported in 2014/15. We are not aware of any significant changes during the year that would have had this effect.

Payroll

This includes inputting ‘ghost employees’ and manipulating payroll data. The number of cases detected in 2014/15 was 137, and this has dropped marginally to 122 in 2015/16. We have estimated that 163 cases of fraud were detected across the UK during 2015/16 representing a loss value of £300,000.

Expenses fraud

Respondents reported 35 cases, which is a drop from 56 in 2014/15. Based on this information we estimate a value loss of £500,000 across the UK for expenses fraud.

Non-council public authorities completing the survey identified expenses fraud as one of their top risks.

¹ www.actionfraud.police.uk/types_of_fraud. Action Fraud is a national fraud hotline run by the City of London Police

Recruitment fraud

This includes false CVs, job histories, qualifications, references or referees. The number of cases detected in 2014/15 was 80. In 2015/16 CIPFA estimates the number of recruitment fraud cases across the UK to be 143, with an estimated loss value of £0.7m. As mentioned with regard to other types of fraud it can be very difficult to measure the cost of recruitment fraud. It would carry implications including reputational damage, the costs of further recruitment and investigations into the motives behind the fraud.

Business rates

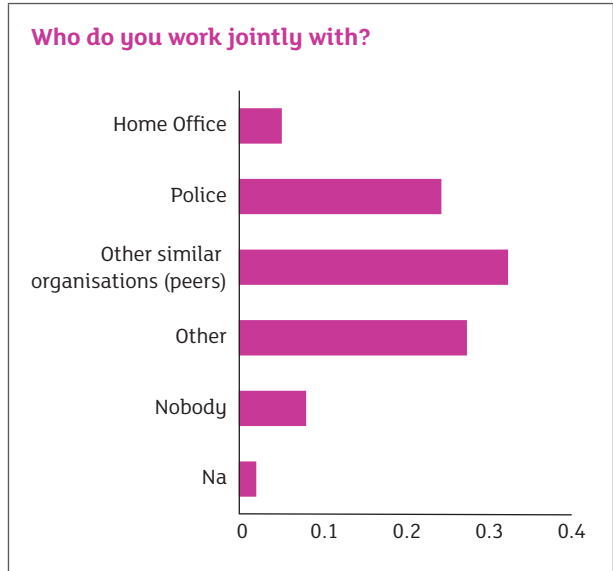
Fraud in the area of business rates appeared as an emerging risk in the 2014/15 report. This year 29 local authorities considered this type of fraud to be a high risk. We have estimated that there could be £8.2m of fraud across the UK in the area of business rates.

Serious and organised crime

It is important that the public sector understands the nature and scale of fraud and corruption if it is to put forward its best defence. In a time when fraud and corruption threats are sophisticated and organised criminals are becoming ever more resilient, it is crucial that the public sector understands the full extent of the threat and sees patterns and future issues. As part of this survey the Home Office requested CIPFA's help in establishing the true picture of serious and organised fraud across the UK.

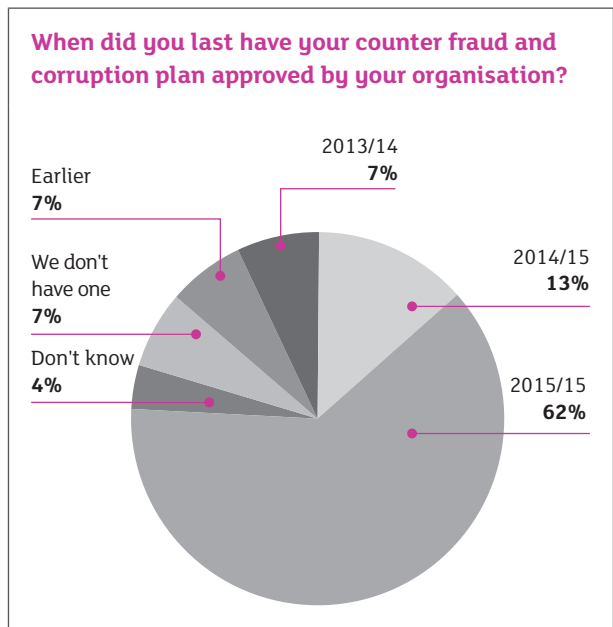
Working jointly is an area recognised both by survey respondents and the Home Office as being important in order to combat serious and organised fraud. The chart 'who do you work jointly with?' shows that most survey respondents do work together with other organisations. Those that do not should consider whether there is scope within their anti-fraud arrangements to do so.

“Organised fraud often cross local authority boundaries and investigations tend to be complex, requiring the deployment of specialist resources, such as computer forensics or surveillance capability. Such resources are expensive and expertise needs to be constantly used to maintain effectiveness).” FFCL, 2016

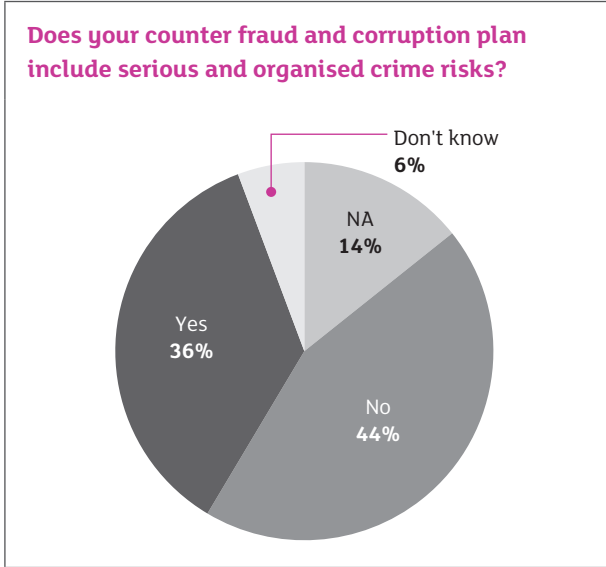


In addition we asked whether organisations shared data and found that over 85% did share data both internally and externally.

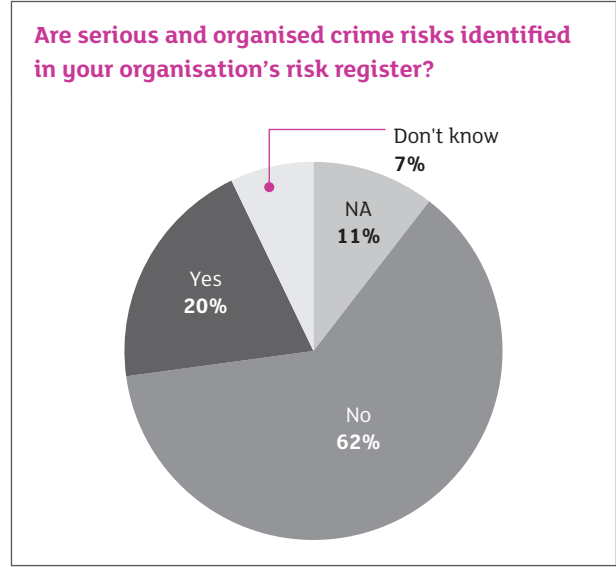
We asked organisations when they last had their counter fraud and corruption plan approved by their organisations, most responded that it was within the last year, although 11% of organisations either did not know or did not have a counter fraud and corruption plan approved. CIPFA recommends that all organisations have a counter fraud and corruption plan approved by the organisation annually.



We asked respondents to tell us whether their counter fraud and corruption plans include serious and organised crime risks. While 44% do not include this risk in their plans, 36% do cover it and 20% were unable to say.



In addition, we asked if organisations had considered serious and organised crime in their risk register. We found that most had not, with only 20% confident of their inclusion.



85%:
percentage of respondents that share data both internally and externally

Collaborative working – the London Boroughs of Tower Hamlets and Redbridge approach

The corporate anti-fraud teams at the London Borough of Tower Hamlets and London Borough of Redbridge worked with the police and the DWP to investigate a serious and organised fraud that involved a claim for housing benefit and tax credit totalling £1.6m.

Redbridge lead on a prosecution that resulted in three ringleaders of an organised crime unit receiving combined jail sentences of over 12 years for facilitating false applications for benefits and providing false documents allowing benefits to be claimed. The investigations involved extensive research that uncovered fictitious pay slips and fake employment documents by unscrupulous or fake employers.

This examination identified links to claims being paid by both London boroughs who then worked in collaboration to produce information for the police and the DWP's National Fraud lead. The process identified unusual behaviours including the speed at which applicants were able to provide full documentation after only a few days of arriving in UK. The anti-fraud teams undertook a systematic examination of each aspect of the claim including:

- Home Office verification
- school attendance records
- contacting letting agents
- checking council tax payments
- Companies House
- business rates
- trading standards.

Bringing together both local and central government investigators and service delivery meant the results were effectively managed.

The impacts of a collaborative approach are:

- shared investigation costs
- use of other organisations' intelligence
- ability to bring the facilitators to court, not just the applicants who played a small part in the fraud
- the identification of the total loss to the public purse and therefore an appropriate level of asset recovery
- totality of sentencing.

Whistleblowing

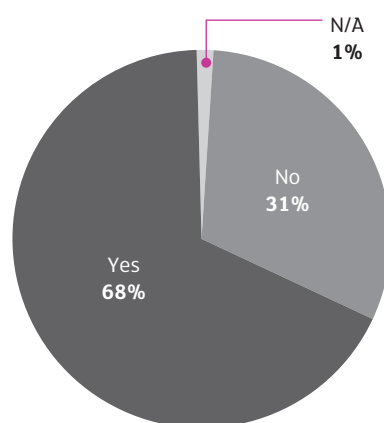
Whistleblowing is the popular term used when someone who works in or for an organisation raises a concern about a possible fraud, crime, danger or other serious risk that could threaten customers, colleagues, shareholders, the public or the organisation's own reputation.

All organisations told us they have a whistleblowing policy and just over half reviewed this policy on an annual basis (see chart).

CFaCT respondents reported a total of 505 whistleblowing cases, made in line with *PAS 1998:2008 Whistleblowing Arrangements Code of Practice* (PAS 1998:2008)². This represents disclosures in all areas, not just in regard to suspected fraudulent behaviours.

As an early warning system, whistleblowing arrangements can help alert organisations to various elements of risk that could threaten customers, colleagues, shareholders, the public or the organisation's own reputation. Organisations should therefore ensure that whistleblowing processes are reviewed regularly in accordance with PAS 1998:2008.

Do those responsible for governance annually review your whistleblowing arrangements in line with PAS 1998:2008?



² http://wbhelpline.org.uk/wp-content/uploads/2012/07/PAS1998_Whistleblowing1.pdf

Counter fraud and corruption resources

The landscape of fraud for the public sector has changed significantly over the last year with leaner operations, and for local authorities the introduction of the DWP's SFIS has seen a workload shift. Our survey asked a number of questions about those involved in countering fraud.

Responses to the survey showed:

- 44 organisations have no dedicated counter fraud resource or consider it not applicable
- the number of FTE investigation staff has increased year on year since 2013/14 and organisations are planning for a further increase in the number of investigation staff
- the number of planned non-benefit investigators during 2014/15 has been exceeded. This may show that some organisations have realised the value of investing resources in this area.

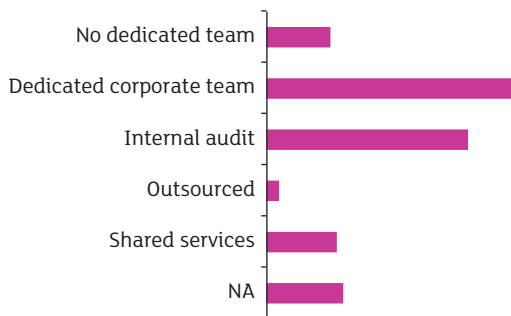
While it is not essential for all organisations to have a dedicated counter fraud function, CIPFA suggests it

is important that organisations have a fraud response plan that enables allegations of fraud to be investigated effectively by skilled and professional investigators.³

We asked respondents to the survey about the type of counter fraud and corruption resources they had access to and found that there was a variety of responses. Each organisation must make its own decision on the level and type of resource required in order to carry out its duties with regard to countering fraud, however CIPFA feels is essential that those involved in the counter fraud function are professionally qualified.

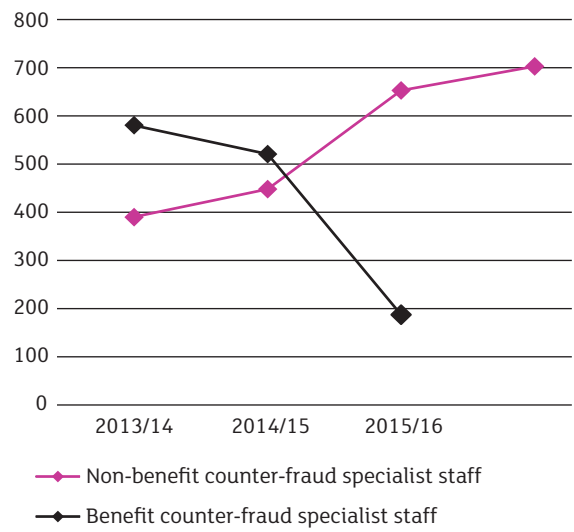
³ See the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption www.cipfa.org/services/counter-fraud-centre/code-of-practice

Description of counter fraud and corruption resource?



The chart on the right shows that the number of counter fraud staff has increased over the last three years and that the level of resource will continue to increase during the year ahead. It is likely that those organisations who completed the survey are those with a strong commitment to anti-fraud and are therefore those more likely to be investing in that area.

Counter fraud staff in the public sector (FTE) at 31 March each year



Case study – Manchester City Council

Care packages and other associated welfare related benefits can involve high value payments over the course of a year. A social worker became suspicious that an individual in receipt of support funding had overstated their level of need. A subsequent investigation by counter fraud specialists from the council and the DWP identified a number of irregularities resulting in overpayments in excess of £100,000. The suspect no longer receives personal budget funding or disability living allowance and the case has been referred to the Crown Prosecution Service.

Originally produced in the Fighting Fraud and Corruption Locally Strategy

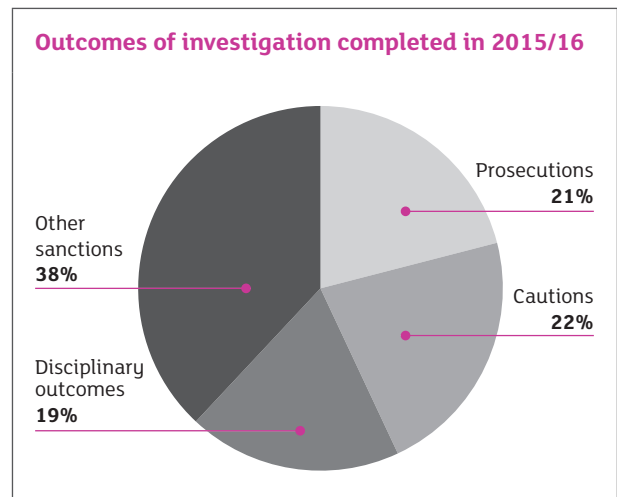
Sanctions

In the 2014/15 survey report we recorded the number of prosecutions undertaken by different authorities such as the Crown Prosecution Service (CPS) or in-house teams. This year we examined the number of outcomes recorded by organisations.

In the chart:

- prosecutions include both in-house and CPS prosecutions
- cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to prosecute in that instance
- disciplinary outcomes relate to the number of instances where as a result of an investigation by a fraud team disciplinary action is undertaken, or where a subject resigns during the disciplinary process
- other sanctions include the imposition of fines or other penalties by the organisation.

The chart gives details of outcomes excluding housing benefit fraud, and shows that where fraud is found a wide range of disposals are considered.



Fighting Fraud and Corruption Locally

The production and implementation of the *Fighting Fraud and Corruption Locally (FFCL) strategy* is overseen by the FFCL Board, which includes representation from key stakeholders. The *FFCL strategy 2016–2019* was developed by local authorities and counter fraud experts and is the definitive guide for local authority leaders, chief executives, finance directors and all those with governance responsibilities.

The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape.

The CIPFA Counter Fraud Centre drafted the strategy on behalf of the FFCL board. Development of the strategy is informed, in part, by the response to the CFACT survey, which asks specific questions with regard to the way fraud is dealt with within organisations.

The chart below shows the responses to these questions by country. There was a small sample return from Scotland and all responses given are based on each organisation's own self-assessment of their position.

We would note that those who have completed the survey are likely to be those who have invested in their counter fraud functions and are currently delivering services in this area. The response may be different among those organisations who did not complete the survey.



Emerging areas

Last year we asked respondents to tell us where they saw emerging risk areas. Respondents included procurement, organisational change, personal budgets and cyber fraud as areas of potential concern.

We did not ask a question specifically about emerging trends in the 2015/16 CFaCT survey. However, there were some areas that organisations felt were of growing concern. Procurement was seen as an emerging trend in 2014/15 and we saw an increase in cases from 60 to 353 over the year. Within the survey right to buy fraud cases have increased by over 50%. Given the continued discount and the lack of affordable housing this could create conditions that encourage fraud. This could be a particular issue in London where the cost of housing is higher than in other parts of the UK.

Fraud in the area of business rates appeared as an emerging risk in the 2014/15 report. This year 29 local authorities considered this type of fraud to be a high risk.

Personal budgets and direct payments were covered by adult social care and children's social care this year.

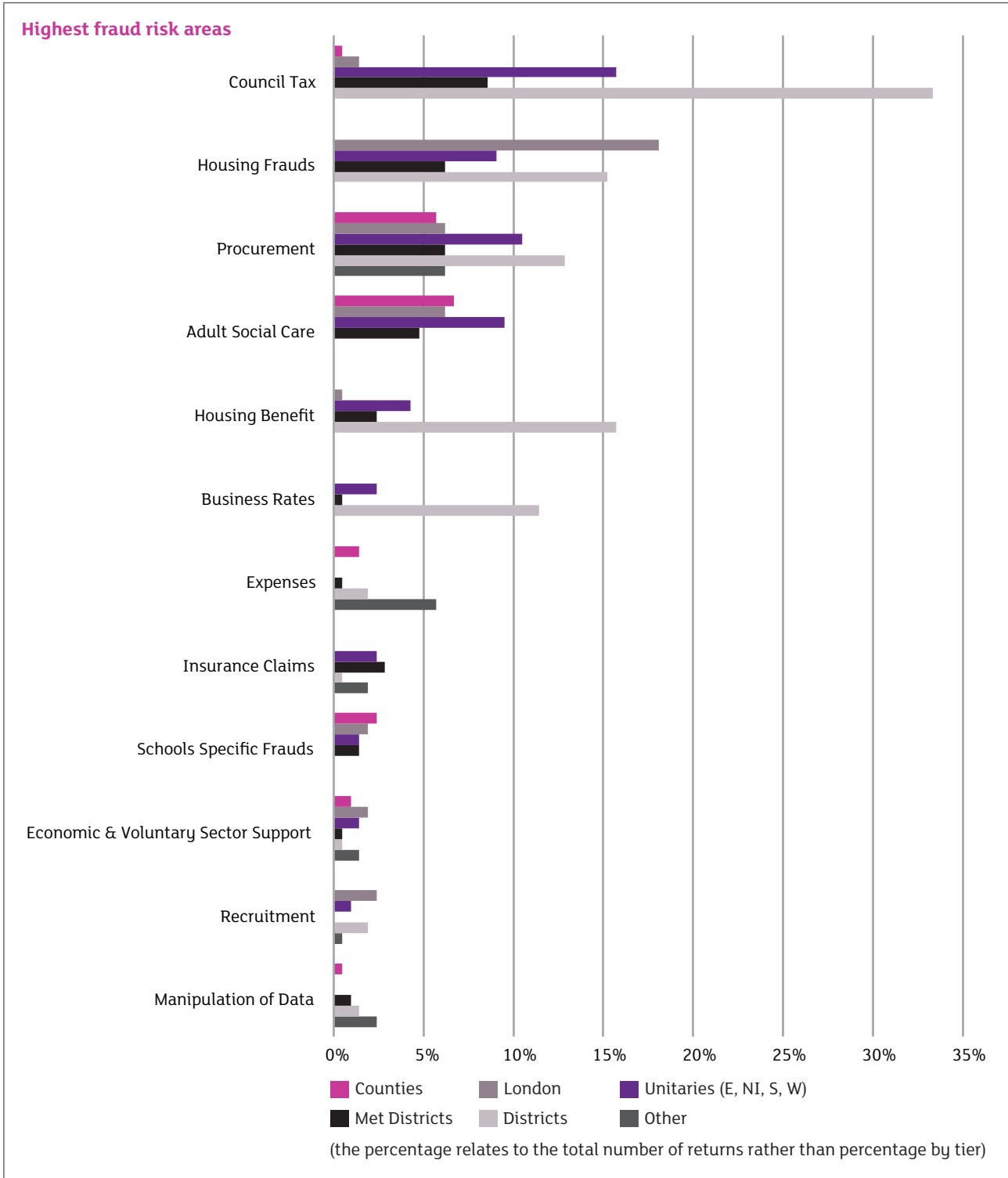
In 2014/15 there were 287 cases reported, which has decreased to 215 in 2015/16. It is clear from responses that the fraud risk in social care is not diminishing, however better controls in some aspects may be having an effect.

Highest fraud risk

This year at the request of the Home Office we asked respondents to identify the highest risks to their organisation. Respondents told us their highest risks were:

- council tax
- housing
- procurement
- adult social care and housing benefit.

Answers varied significantly by organisation and a more detailed response can be seen in the chart overleaf.



What do you perceive as the three highest fraud risks areas for your organisation?

We asked respondents to tell us what they perceived as the three most significant areas that need to be addressed to effectively tackle the risk of fraud and corruption in their organisation.

As with the 2014/15 survey, the biggest issues in countering fraud remain the same:

- having the capacity to identify fraud risk and investigate allegations
- having effective fraud risk assessment and management
- barriers to data sharing.

Financial investigation

Financial investigators are those professionally accredited for the purpose of recovering assets in accordance with the Proceeds of Crime Act 2002 (POCA). Nearly half of respondents to the survey (44%) had no access to financial investigation resource, while 56% did have access.

Organisations told us that they have been awarded £27.5m by courts through POCA (excluding housing benefit/council tax benefit) over the last three years. Of this money, respondents told us that a total of £18.4m has been recovered.

The CFaCT found that some authorities have collected more during the year than has been awarded. This is because some older cases are now coming to fruition and that the complex nature of cases means recovery can be delayed. Unsurprisingly, people whose assets are being confiscated are often keen to protect them.

The National Audit Office (NAO) notes that “in practical terms only a very small proportion of criminal gains can ever be confiscated. This is because much crime is not reported, criminal gains are often disposed of quickly or transferred out of reach, and many criminals are determined to keep as much as they can regardless of the sanctions made against them. In practice, therefore, confiscating assets often requires law enforcement officers to show skill, determination and persistence.”⁴

4 Confiscation Orders: Progress Review (NAO, 2016)

Case study – London Borough of Newham

While investigating an issue with planning permission OneSource, on behalf of the London Borough of Newham, recovered an amount after taking the defendant to a confiscation hearing.

Mr C had requested planning permission to convert a retail office into a vehicle workshop, car sales and MOT testing centre and despite permission being refused he had gone ahead with the work. During the conversion process Mr C ignored an enforcement notice requiring him to stop and was therefore taken to court to appear at a confiscation hearing.

It was calculated that Mr C’s criminal benefit from the offence was over £196,000 and his available assets were calculated as £829,000. At the confiscation hearing the judge made the following order:

- £500 fine
- £50 victim surcharge
- £4,456 costs to be paid within 28 days, with 14 days’ imprisonment in default
- confiscation order made in the sum of £196,341.49 (based on the benefit figure).

The defendant was given six months to pay or face two and a half years in prison.

Recovery in cases like this is relatively easy as most defendants are commercial landlords and have property they can realise rather than face prison.

CIPFA would like to thank all the organisations that completed the survey along with those that helped by distributing the survey or contributing case studies, including:

- Charlie Adan, Babergh and Mid Suffolk District Councils
- Association of Local Authorities' Treasurer Societies
- Norma Atlay, North Hertfordshire District Council
- Nigel Aurelius, Torfaen County Borough Council
- Chris Buss, London Borough of Wandsworth
- County Chief Auditor Network
- Alan Finch, Local Government Association
- Alison Griffin, London Borough of Bexley
- Local Authority Financial Investigators Forum
- Local Government Association
- London Borough of Croydon
- London Borough of Tower Hamlets
- Margaret Lee, Essex County Council
- Mazars
- Graeme McDonald, Solace
- Ian O'Donnell, London Borough of Ealing
- Oldham Borough Council
- oneSource
- Brian Roberts, Leicestershire County Council
- Mike Suarez, Cheshire East Council
- Society of District Council Treasurers
- Society of London Treasurers
- Solace
- South West London Fraud Partnership
- Brian Taylor, Scottish Government
- Donald Toon, National Crime Agency
- Huw Vaughan Thomas, Wales Audit Office
- Chris West, Coventry City Council
- Duncan Whitfield, London Borough of Southwark
- Peter Turner, London Borough of Bromley

Appendix 1

The table below lists the types of fraud reported in the survey, an extrapolated figure estimating the number of cases across the UK based on the cases reported in the survey and an estimate of the cost incurred in 2015/16. We also give an estimated value per case.

Types of fraud	Fraud cases	% of the total	Value £m	% of the total value	Average £'000
Council Tax	57,681	65.70	24.1	7.40	0.42
Housing Benefit	11,902	13.50	40.5	12.5	3.41
Disabled Parking Concession	6,578	7.50	3.0	0.90	0.45
Housing	5,823	6.60	207.9	64.1	35.71
Debt	1,053	1.20	0.2	0.10	0.23
Business Rates	706	0.80	8.2	2.50	11.55
Welfare Assistance	616	0.70	0.1	0.02	0.12
Procurement	613	0.70	6.2	1.92	10.19
Insurance Claim	382	0.43	5.3	1.62	13.76
Adult Social Care	323	0.37	2.9	0.90	9.09
No Recourse to Public Funds	251	0.29	8.7	2.67	34.51
Mandate	216	0.25	7.2	2.22	33.31
School	182	0.21	0.9	0.26	4.71
Payroll	163	0.19	0.3	0.10	1.98
Recruitment	143	0.16	0.7	0.23	5.21
Pensions	89	0.10	0.6	0.18	6.42
Economic and Voluntary Sector	61	0.07	1.5	0.47	25.10
Expenses	50	0.06	0.5	0.15	9.78
Children's Social Care	29	0.03	0.3	0.09	9.86
Manipulation of Data	24	0.03	na	na	na
Investments	1	0.00	0.2	0.07	221.00
Other	983	1.12	5.3	1.65	5.44
	87,869		324.7		

Survey approach

CIPFA has applied care and diligence to create this picture of fraudulent activity across the UK's public sector.

CIPFA has grouped various fraud areas together rather than give a figure as a whole. For example, council tax includes single person discount and council tax reduction.

The 2016 CFaCT survey assessed all authorities on the themes in the *Fighting Fraud and Corruption Locally (FFCL) strategy*. This aims to help the public sector tackle fraud and corruption and ultimately prevent losses. The FFCL Board also put forward specific questions to be included in the survey to help measure the effectiveness of the initiatives in the strategy. The suggestions in this report, therefore, reflect, endorse and illustrate the long-term agreement between the FFCL Board and CIPFA. We hope that all respondents to the survey were challenged by these questions and have helped them consider where assessments of counter fraud activity would be best focused.

As recommended in the UK Anti-Corruption Plan, the CIPFA Counter Fraud Centre has developed close relationships with the National Crime Agency, the Home Office, and the City of London Police. The survey contains questions pertinent to informing future work in relation to joint working and serious and organised crime.

Due to the wide group of respondents CIPFA has not extrapolated the data, in particular in areas where there may be geographical bias. For example, 'no recourse to public funds' fraud had a high prevalence in the southern authority results returned, with a 97% return for London local authorities.

We have sought to encourage all organisations to complete this survey so that they can benefit from considering their own response to fraud risk, both financial and reputational. We recognise that it is easier for organisations who have a counter fraud function to complete the survey and that this may affect the results. It is important that organisations consider their fraud risk and we hope that this survey will help them in this regard and that they will contribute in future years.



CIPFA COUNTER FRAUD CENTRE

Subscribe

To subscribe to the CIPFA Counter Fraud Centre, which gives you access to the tools, alerts and resources needed to combat fraud in the public services, please complete the application form on our website.

Training

Dates for our Accredited Counter Fraud Specialist and Accredited Counter Fraud Technician are now available for 2017. Both qualifications are accredited by the University of Portsmouth's Counter Fraud Professional Accreditation Board and are ideal for those wanting to strengthen their team skills, gain a professional qualification or build a new career in fraud.

Whistleblowing e-learning

An accessible, interactive e-learning course for staff on whistleblowing and why it is important.

www.cipfa.org/services/counter-fraud-centre/e-learning/whistleblowing-elearning

Anti-bribery and corruption e-learning

An accessible, engaging e-learning package designed to help organisations strengthen their bribery and corruption defences.

www.cipfa.org/services/counter-fraud-centre/e-learning/bribery-and-corruption-elearning



Registered office:

77 Mansell Street, London E1 8AN

T: +44 (0)20 7543 5600 F: +44 (0)20 7543 5700

www.cipfa.org

The Chartered Institute of Public Finance and Accountancy.
Registered with the Charity Commissioners of England and Wales No 231060

