

# Chichester District Council

**CORPORATE GOVERNANCE & AUDIT COMMITTEE 29 SEPTEMBER 2015**

## **Fraud Prevention Report 2014-15**

### **1. Contacts**

**Report Author:**

Sue Shipway, Senior Auditor,

Tel: 01243 785166 x3215 E-mail: [sshipway@chichester.gov.uk](mailto:sshipway@chichester.gov.uk)

### **2. Recommendations**

**2.1. The committee is requested to consider this report and the corporate approach to fighting fraud to ensure they fulfil their stewardship role and protect the public purse.**

**2.2. The committee notes that the Council will actively pursue potential frauds identified through participation in the National Fraud Initiative (NFI).**

### **3. Summary**

3.1 This report aims to give the assurance on the arrangements in place for the prevention of fraud throughout the council.

3.2 That there is adequate experience remaining within the council to counter fraud and corruption corporately, post transfer of the council's housing benefits fraud team to the Department for Works and Pensions (DWP) in December 2015.

### **4. Proposal**

4.1. For councillors and others responsible for audit and governance to review the counter fraud arrangements on an annual basis.

### **5. Alternatives that have been considered**

5.1. None

### **6. Resource and legal implications**

6.1. A new Corporate Counter Fraud Officer (CCFO) post will be funded from existing budgets.

6.2. In order to fulfil legal requirements, the CCFO will need to be fully conversant with PACE, Fraud Act 2006 and Data Protection Act 1998.

### **7. Consultation**

7.1 Strategic Leadership Team (SLT) have considered the need to retain a corporate fraud officer following the transfer of the current fraud team to the DWP.

## **8. Community impact and Corporate risks**

8.1 There is potentially a corporate risk to the council once the expertise of the current benefits fraud team is lost.

## **9. Main Report**

9.1 Local Government fraud involves substantial loss to the public purse. According to the Audit Commission, the most recent estimate of the annual loss to local government was £2.1 billion, excluding benefit fraud.

9.2 Although there was no requirement to participate in the protecting the public purse survey for 2015. The Audit Commission published their last report – Protecting the Public Purse 2014 prior to their closure in March 2015. The purpose of the report was to:

- raise awareness of the importance of fighting fraud;
- promote transparency and accountability about counter-fraud in local government bodies;
- Improve data on fraud detection, including benchmarking; and
- promote good practice in fighting fraud.

9.3 It is reported in the protecting the public purse 2014 report, that in the past five years, councils have shifted their focus from benefit fraud to non-benefit fraud. They also reported that overall, councils were detecting more non-benefit frauds. The council did not report any non-benefit fraud cases during 2014-15.

9.4 During 2014-15 the council's dedicated benefit fraud team investigated 354 claims in total and identified over potential recovery of £266k as a result, these related to 51 cases and 10 of these were taken to court and successfully prosecuted. The council has always been keen to demonstrate it has a strong anti-fraud culture and when a prosecution is successful the council prepares a press release that is published on both the website and local newspaper.

9.5 The National Fraud Initiative (NFI) data matching service was transferred to the Cabinet Office when the Commission closed. Data matches are reviewed each year by Revenue and Benefits and Internal Audit. During the 2014-15 review, a number of positive matches was identified, these errors totalled £32k. These have been subsequently reported to the relevant Service and corrective action taken. The council will continue to actively review NFI data during 2015-16.

9.6 Mitigating the risk of fraud and corruption is the responsibility of management. All risks identified are recorded in a corporate risk register. Internal Audit establish their three year and annual plan on a risk based approach which is reviewed and updated annually thus responding to new risks as they arise. However, audit procedures alone cannot guarantee that fraud or corruption will be detected.

9.7 The council have a Whistleblowing Policy, which was reviewed and updated this

year. No cases were identified through this media during 2014-15.

- 9.8 By the end of 2015, councils will no longer deal with benefit fraud as all investigations will be transferred from councils to the Single Fraud Investigation (SFIS), run by the Department for Works and Pensions (DWP). This means that from December 2015, the council will lose the expertise of three experienced members of the benefits fraud team.
- 9.9 Because of this potential gap in knowledge, the council has considered ways to protect and enhance their investigative resources, so that they maintain or improve their capacity to detect and prevent fraud corporately.
- 9.10 On the 14<sup>th</sup> September, the Senior Leadership Team (SLT) approved the post of a corporate fraud officer which will be advertised and hopefully filled before the end of the year. It is anticipated that this post can be funded from existing budgets, but will be subject to review after 6 months to ensure appropriate resource is available.
- 9.11 After 2016, when central government no longer contributes funds for counter-fraud activity, councils will need to recover more losses than they have done previously and the Corporate Fraud Officer will have an important part to play in identifying potential losses.
- 9.12 Overall, the council continues to operate within a robust framework of policies and procedures. This is intended to direct the activity of the council and ensure transparency and accountability. Responsible officers are expected to ensure those effective internal control arrangements are in place. Internal Audit is responsible for reviewing these controls annually in order to give assurance to those charged with Governance and to report on any weaknesses or potential areas of fraud with recommendations to address such risks.

## **10. Appendices**

10.1 None

## **11. Background Papers**

11.1 None