

Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services
to
Corporate Management Team / Audit Committee
on
19th June 2013

Report prepared by: Linda Everard, Head of Internal Audit

Agenda
Item No.

Corporate Counter Fraud Plan
Executive Councillor – Councillor Moring
A Part 1 Public Agenda Item

1. Purpose of Report

1.1 To present the Corporate Counter Fraud Plan for endorsement.

2. Recommendation

2.1 **The Corporate Management Team / Audit Committee endorses the Corporate Counter Fraud Plan.**

3. Background

3.1 The priority actions for the Counter Fraud Team for the coming year are set out in the plan attached at Appendix 1 together with the key indicators that will measure overall performance and the delivery of the plan.

3.2 The results of this work will be periodically reported to the Corporate Management Team and Audit Committee.

4. Analysis of benefit fraud types

4.1 For the financial year 2012/13, the Counter Fraud Team received 821 referrals. Of these, the top three types of **alleged** benefit frauds were as follows:

- 218, living together
- 139, undeclared income from earnings
- 90, non residence.

4.2 Appendix 2 shows all the types of fraud investigated where an outcome was determined which has resulted in a sanction.

5. Corporate Implications

5.1 Contribution to Council's Aims and Priorities

Work undertaken to reduce fraud and enhance the Council's anti fraud and corruption culture contributes to the delivery of all its aims and priorities.

5.2 Financial Implications

Proactive fraud and corruption work acts as a deterrent against financial impropriety and might identify financial loss and loss of assets.

Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes.

Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.

5.3 Legal Implications

The Accounts and Audit (England) Regulations 2011 section 4 (2) require that:

The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.

5.4 People Implications:

Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings, prosecution and / or referral to the police
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

5.5 Property Implications

Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity.

5.6 Consultation: None

5.7 Equalities Impact Assessment

The Counter Fraud Service Strategy has been assessed.

Assessments on the Anti Fraud & Corruption Policy, the Whistleblowing Policy and the Money Laundering Policy are updated whenever the policies are refreshed.

5.8 Risk Assessment

Failure to implement the framework which supports the delivery of the risk management policy and strategy and these policies increases the risk that Council objective's will not be delivered.

Failure to operate a strong anti fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity

Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

5.9 Value for Money

An effective Counter Fraud Service should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

5.10 Community Safety Implications and Environmental Impact

None

6. Background Papers

- Fighting Fraud locally, The Local Government Fraud Strategy
- Association of Local Authority Risk Managers (ALARM) Publication: Managing the Risk of Fraud
- CIPFA Publication: Managing the Risk of Fraud
- Audit Commission Publication: Protecting the Public Purse: Local Government Fighting Fraud
- National Fraud Authority, A Guide to Tackling Housing Tenancy Fraud
- National Fraud Authority, Slipping Through the Net: Staff Vetting Guide for Local Authorities
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

7. Appendices

- **Appendix 1: Corporate Counter Fraud Plan**
- **Appendix 2: Sanctionable Outcomes identified by Benefit Fraud Type 2012/13**