

Bolsover District Council

Audit Committee

28th January 2020

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| CIPFA Fraud and Corruption Tracker Survey 2019 |
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Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

- To present, for members' information the results of CIPFA's Fraud and Corruption Tracker (CFaCT) survey undertaken in 2019 that provides a picture of fraudulent activity in local government.
- To detail the controls and procedures that BDC has in place to mitigate the risk of fraud.

1 Report Details

1.1 The CIPFA Counter Fraud Centre was launched in July 2014 to fill the gap in the UK fraud arena following the closure of the National Fraud Authority and the Audit Commission. The CFaCT survey aims to provide a national picture of fraud, bribery and corruption in local government.

1.2 The key findings of the 2019 CIPFA Fraud and Corruption Tracker were:-

- An estimated £253 million of fraud has been detected or prevented across local authorities in 2018/19. This has dropped from £302 million in 2017/18.
- Council tax fraud represents 12.1% of the estimated value of fraud detected / prevented (78% in terms of volume) with an estimated value of £30.6m.
- The area that has grown the most in the last year is council tax single person discount with an estimated increase of £3.6m since 2017/18.
- The average value per fraud is around £3,600 per fraud case.
- Procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas.
- The four main areas of fraud (by volume) are – council tax, disabled parking, housing and business rates.
- The estimated volume and value of insurance fraud cases in the UK more than doubled in 2018/19 compared to the previous year.

1.3 This evidences that fraud is still a major financial threat to local authorities.

BDC Fraud Prevention Measures

1.4 BDC takes the risk of fraud very seriously and has a range of measures in place to reduce the risk of fraud occurring:

- There is an established approach of a zero tolerance policy towards fraud which is set out in the Council's Anti – Fraud and Bribery and Corruption Policy (including Money Laundering Policy) that was last approved by this Committee in October 2015.
- There is an allowance for special investigations in the internal audit plan.
- The Internal audit plan covers the whole of the organisation.
- The National Fraud Initiative is participated in and the results are subject to an internal audit report.
- Council tax have a rolling program of discount exemption checks
- Revenues are part of a Derbyshire Fraud Consortium which was set up to reduce / identify fraud and error for Council Tax and Benefits.
- Data matching processes with the DWP and HMRC
- The Council has a Confidential Reporting Code (Whistleblowing Policy)
- The Council has a fraud risk register
- Recruitment procedures ensure that checks are undertaken to prevent the council employing people working under false identities etc.
- The IT systems are Public Sector Network (PSN) compliant
- Separation of duties in place

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of the results of the CIPFA Fraud and Corruption Tracker survey.

2.2 To provide Members with details of the fraud prevention measures in place at BDC.

3 Consultation and Equality Impact

3.1 None.

4 Alternative Options and Reasons for Rejection

4.1 None.

5 Implications

5.1 Finance and Risk Implications

5.1.1 Raising the awareness of fraud issues amongst Members and staff helps to mitigate the risk and potential cost of fraud.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendations

6.1 That the results of CIPFA's Fraud and Corruption Tracker Survey be noted.

6.2 That the fraud prevention measures that BDC has in place be noted.

7 Decision Information

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| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i> | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| Has the portfolio holder been informed | N/A |
| District Wards Affected | All |
| Links to Corporate Plan priorities or Policy Framework | All |

8 Document Information

| Appendix No | Title |
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| Appendix 1 | CIPFA Fraud and Corruption Tracker Summary 2019 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
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| Report Author | Contact Number |
| Jenny Williams Internal Audit Consortium Manager | 01246 217547 |