

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	8 th December 2015	AGENDA ITEM NUMBER
TITLE:	Fraud & Corruption Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Whistleblowing Policy Appendix 2 – Joint Counter Fraud Action Plan Appendix 3 – B&NES Council Counter Fraud Action Plan		

1. THE ISSUE

This report outlines future work in the B&NES Council and North Somerset Council (NSC) Joint Counter Fraud Action Plan 2015-16, to align the policies and procedures for counter fraud at both Councils. It also outlines the progress with the National Fraud Initiative 2014-15 and presents to the Committee the updated Whistleblowing Policy for comment.

2. RECOMMENDATION

The Corporate Audit Committee is asked to:

- a) Review and comment on the updated Whistleblowing Policy (*Appendix 1*)
- b) Comment on the Joint Counter Fraud Action Plan (*Appendix 2*)
- c) Comment on the B&NES Council Counter Fraud Action Plan (*Appendix 3*).

3. FINANCIAL IMPLICATIONS

The financial implications of delivering this plan have been negated by the savings of preventing and/or detecting fraud at an early stage.

4. THE REPORT

This report outlines work already undertaken and proposed future work included within the B&NES and NSC Joint Counter Fraud Action Plan 2015-16, to align the policies and procedures at both Councils.

4.1. Review of Policies

Policies have been reviewed during the year to ensure that they are still current and where necessary updated versions have been produced. As a result of this work, the Whistleblowing Policy has been revised to ensure that it is in line with British Standards PAS 1998:2008 "Whistleblowing arrangements Code of Practice". This is included at *Appendix 1*.

Work is also being undertaken to create and implement a Counter Fraud Strategy, which will be the 'umbrella strategy' to bring together all the other policies. This

work has been delayed as we are awaiting release of the “Fighting Fraud Locally 2015” and the results of the “Fraud & Corruption Tracker Survey 2014-15”, due to be released by the CIPFA Counter Fraud Centre, which will be used to identify the current high risk areas and ensure that we are working to current best practice.

We are also undertaking review of the policies at North Somerset Council to ensure that the policies are closely aligned and where possible joint policies will be issued in the future.

4.2. Online Information

Work is currently being undertaken to review and update the counter fraud information available on the intranet, considering any changes in best practice and current fraud trends. This will include making available a list of ‘possible frauds’ and controls that would prevent and detect the fraud risk.

In addition to this, work has already started to implement a staff Fraud Awareness e-learning module. We are liaising with Human Resources we are optimistic that this can be implemented in the very near future.

4.3. Corporate Investigations

Within the last twelve months, internal audit have been involved in two new investigations. In addition to this, we have been required to spend time on two longstanding police referral cases and have provided advice in relation to another four reported cases of potential financial irregularities.

4.4. National Fraud Initiative 2014-15

Responsibility for the National Fraud Initiative (NFI) has now moved from the Audit Commission to the Cabinet Office. As yet there have not been any changes to the processes.

The data matches for the NFI 2014-15 were released in February 2015. The matches were assigned to the relevant teams for Blue Badges, Concessionary Fares, Housing Benefit, Personal Budgets, Pensions and Insurance. Payroll matches were retained within the Internal Audit team for investigation.

The majority of the ‘recommended’ matches have been completed and for some areas 100% of all the matches have been investigated. Overall the NFI matches have identified £85,545 of fraud or error, of which £73,668 related to overpayment of housing benefit and £11,877 related to pensions.

In addition to this, the Council Tax to Electoral Roll matches released last December resulted in re-calculation of reliefs and revised bills being sent out for an additional £155,250.

4.5. Emerging / High Risks

Fraud risks are considered within all audit reviews, where appropriate. Where necessary, recommendations have been made to strengthen controls to help prevent fraud.

We continue to review information both nationally and locally and liaise with the West of England Internal Audit Fraud Group to keep abreast of current fraud risks, with work completed and best practice shared between the group members.

The publications, “Fighting Fraud Locally 2015” and the results of the “Fraud & Corruption Tracker Survey 2014-15”, when released, will also be used to identify the current high risk areas and any new emerging risks.

4.6. Counter Fraud Bid

In September 2014, we worked in partnership with North Somerset, South Gloucestershire and Bristol City Councils and two joint bids were submitted for the counter fraud funding; Shared Fraud Activity and creation of a data warehouse/data matching function. Although both bids were unsuccessful, the work identified areas to be considered for the future and we are continuing to see if elements of the work can be delivered within current resources.

In particular, the work to align the policies and procedures for Counter Fraud at both B&NES and NSC is conducive to a shared fraud function. We are also continuing work to identify areas in which we can undertake innovative data matching, not only to identify fraud and error, but to provide useful information to Council Services to assist them in operating more effectively / efficiently (providing an 'added value' service to both Councils).

4.7. Joint Counter Fraud Action Plan

Counter Fraud is an on-going process and we will continue to identify and assess the fraud risks that both B&NES and NSC face.

We have developed a Joint Counter Fraud Action Plan that is designed to align the Counter Fraud work at Both B&NES and NSC. This is included in *Appendix 2* for consideration by the Audit Committee. The work will be focused around aligning policies and procedures and also ensuring that staff receive appropriate training and information to enable them to identify and report any suspicions of irregularity/fraud.

This has been further broken down into a specific action plan for B&NES and this can be seen at *Appendix 3*.

5. RISK MANAGEMENT

It is recognised by Government that the current economic climate in the United Kingdom and the Government policy of significantly reduced public spending have the potential to increase the risk of fraud and irregularity as never seen before in the public sector. As the Council makes significant cuts in its current and future budgets, it is essential that it continues to maintain strong defences against fraud and irregularity, directing its resources most effectively to mitigate the areas of highest risk.

6. EQUALITIES

A proportionate equalities impact assessment has been carried out in relation to this report. There are no significant issues to report to the Committee.

7. CONSULTATION

The report was distributed to the S151 Officer for Consultation.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	