

For publication

CIPFA Fraud and Corruption Tracker Survey 2019

Meeting:	Standards and Audit Committee
Date:	5th February 2020
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

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1.0 Purpose of report

- 1.1 To present, for members' information the results of CIPFA'S Fraud and Corruption Tracker Survey 2019 (CFaCT) that provides a picture of fraudulent activity in local government. (Appendix A)
- 1.2 To detail the controls and procedures that CBC has in place to mitigate the risk of fraud.

2.0 Recommendations

- 2.1 That the results of CIPFA's fraud and Corruption Tracker survey be noted.
- 2.2 That the fraud prevention measures that CBC has in place to reduce the risk of fraud be noted.

3.0 **Report details**

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

3.2 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 value and volume of insurance fraud cases in the UK more than doubled in 2018/19 compared to the previous year.

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

CBC Fraud Prevention Measures

3.4 CBC 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 on the 26th September 2018.
- 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 (number of frauds and errors identified) are subject to an internal audit report to the Standards and Audit Committee.
- Potential Council Tax Support frauds are investigated by council tax staff (Benefit fraud is now dealt with by the DWP)
- Council tax have a rolling program of discount exemption checks
- Data matching processes with the DWP and HMRC
- The Council has a Confidential Reporting Code (Whistleblowing Policy)
- Checks on benefit cases that are likely to have had changes to their income etc.
- The Council has a fraud risk register which is considered by the Risk Management Group on an annual basis.

- 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 – awaiting results of Cyber Essentials
- Separation of duties in place
- There is now a fraud module on Aspire Learning that can be completed by all staff.

4 Alternative options and reasons for rejection

4.1 The report is for information.

5 Recommendations

5.1 That the results of CIPFA's fraud and Corruption Tracker survey be noted.

5.2 That the fraud prevention measures that CBC has in place to reduce the risk of fraud be noted.

6 Reasons for recommendations

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

6.2 To provide Members with details of the fraud prevention measures in place at CBC.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

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Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendix A	CIPFA's Fraud and Corruption Tracker CFaCT Survey Summary