

Report to:	Audit Committee
Relevant Officers:	Tracy Greenhalgh, Chief Internal Auditor
Date of Meeting	20 October 2016

CIPFA FRAUD TRACKER 2016

1.0 Purpose of the report:

- 1.1 To consider the Chartered Institute of Public Finance and Accountancy (CIPFA) Fraud and Corruption Tracker report for 2016 and the plans to implement the recommendations.

2.0 Recommendation(s):

- 2.1 To consider the findings of the CIPFA Fraud Tracker 2016 and approve the Council's response to the recommendations.

3.0 Reasons for recommendation(s):

- 3.1 To ensure that the Council can continue to provide a robust corporate fraud service.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

- 4.1 The relevant Council Priorities are

- "The economy: Maximising growth and opportunity across Blackpool"
- "Communities: Creating stronger communities and increasing resilience"

5.0 Background Information

5.1 Blackpool Council contributed to the benchmarking exercise undertaken by CIPFA to produce the Fraud and Corruption Tracker 2016. The report makes a number of recommendations and it is intended that the Council address these as follows:

CIPFA Recommendation	Blackpool Council's Response
<p>Public sector organisations should carry out fraud assessments regularly and have access to appropriately qualified counter fraud resources to help mitigate the risks and effectively counter any fraud activity.</p>	<p>A fraud risk register is in place and this is reviewed at least annually. The output from this helps inform the proactive anti-fraud plan which is approved by the Corporate Leadership Team and Audit Committee in March each year.</p> <p>The Corporate Fraud Team report to the Chief Internal Auditor who has considerable experience in dealing with counter fraud work and is currently studying for an MSc in Counter Fraud and Counter Corruption. The team comprises of three members:</p> <ul style="list-style-type: none"> • Corporate Fraud Officer – Accredited Counter Fraud Specialist. • Insurance Fraud Officer – Currently studying as an Accredited Counter Fraud Specialist. • Corporate Fraud Support Officer – Accredited Counter Fraud Technician.
<p>All organisations should undertake an assessment of their current counter fraud arrangements.</p>	<p>A review of the Corporate Fraud Team is undertaken each year to ensure that adequate resources are available. Issues with resources have occurred in the past with a focus on reactive rather than proactive work. However, it is hoped that now the team is up to full complement the imbalance will be addressed. Resources will be subject to regular review and where appropriate spend to save business cases will be produced to increase capacity in the team.</p>

<p>In line with the Fighting Fraud and Corruption Locally Board suggestion, local authorities should examine and devise a standard and common methodology for measuring fraud and corruption. Once it has been agreed, local authorities should use the measure to estimate levels of fraud and corruption.</p>	<p>This is a national issue as there is no standard guidance as to how local authorities should measure fraud and corruption. Blackpool Council will ensure that it is involved in the national discussions around this matter and contribute to consultation exercises to help achieved a standard methodology.</p>
<p>It is as important to prevent fraud that has no direct financial interest, such as data manipulation and recruitment, as it is high value fraud.</p>	<p>Currently, the Corporate Fraud Team responds to referrals in these areas and has not undertaken any proactive work. However, this will be built into the revised proactive anti-fraud work programme going forward to assess the risk to the Council.</p>
<p>Organisations should develop joint working arrangements where they can with other counter fraud professionals and organisations.</p>	<p>Blackpool Council is a member of the National Anti-Fraud Network (NAFN) and is represented on the Greater Manchester Fraud Investigation Group. Links are in place with the Department for Work and Pensions, the Police, Blackpool Teaching Hospitals NHS Foundation Trust, other local authorities and the HMRC to help in the investigation of potential fraud.</p>
<p>Public bodies should continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element.</p>	<p>A review of procurement fraud is included in the proactive fraud plan for 2016/2017 where this recommendation will be explored in more detail to establish if any additional fraud prevention controls are required at the Council.</p>
<p>Authorities should ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.</p>	<p>Considerable work has been undertaken by the Corporate Fraud Team, Highways Team and Legal Services to develop the procedures required to tackle insurance fraud. This area is still under development with the next stages being looked at including loss measurement and disruptive tactics.</p>

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 5(a) – CIPFA Fraud and Corruption Tracker.

6.0 Legal considerations:

6.1 The procedures in place for fraud investigation help ensure that the Council's Corporate Fraud Team operates within the correct legislation and working practices.

7.0 Human Resources considerations:

7.1 When investigating internal fraud cases full regard is given to the relevant HR policies and procedures in place.

8.0 Equalities considerations:

8.1 The Council's Fraud Response Plan helps ensure that all investigations are carried out objectively and fairly.

9.0 Financial considerations:

9.1 The robust investigation of potential fraud contributes to the protection of the Council's assets.

10.0 Risk management considerations:

10.1 Proactive fraud work and fraud referrals are risk assessed to ensure that team resources are utilised effectively.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 None.

13.0 Background papers:

13.1 None.