



AUDIT COMMITTEE

Subject Heading:

Annual Fraud Review

Report Author and contact details:

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Policy context:

To update the committee on the annual
review of the anti fraud and corruption
arrangements

Financial summary:

N/A

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	X
Excellence in education and learning	
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report updates the committee on the annual review of the anti fraud and corruption arrangements which includes a review of the Council's strategy.

RECOMMENDATIONS

1. To comment on the findings of the review of anti fraud and corruptions arrangements.
2. To approve the revised Anti Fraud & Corruption Strategy.

REPORT DETAIL

A review of the Anti Fraud and Corruption Strategy is planned annually. The most recent review was completed in April 2011.

The Council has a Benefit Investigation Section within Customer Services and a Fraud and Special Investigations Team within the Internal Audit service. Performance of both the Investigation teams is reported to the Audit Committee bi annually.

The teams aim to continuously develop and improve the services they provide to the Council and annually a formal review of the arrangements takes place. This year the review has been completed by the Interim Internal Audit & Corporate Risk Manager and the Benefits Manager.

Appendix 1. Anti Fraud & Corruption Review

Appendix 2. Anti Fraud & Corruption Strategy - Only minor changes have been necessary, changes have been tracked.

IMPLICATIONS AND RISKS

Financial implications and risks:

Fraud and corruption will often lead to financial loss to the authority. By maintaining robust anti fraud and corruption arrangements and a clear strategy in this area, the risk of such losses will be reduced. Arrangements must be sufficient to ensure that controls are implemented, based on risk, to prevent, deter and detect fraud. The work of the Investigation teams often identifies losses which may be recouped by the Council. There are no financial implications or risks arising directly from this report.

Legal implications and risks:

None arising directly from this report

Human Resources implications and risks:

None arising directly from this report

Equalities implications and risks:

None arising directly from this report

BACKGROUND PAPERS

Anti Fraud and Corruption Strategy 2009

The Red Book 2

Fraud Act 2006

Police and Criminal Evidence Act 1984

Regulation of Investigatory Powers Act 2000

Appendix 1

Fraud Review

The areas of the review undertaken are outlined below, along with a brief update on findings and actions.

Area	Progress & Actions
Strategies and policies – update and refresh	<p>The review of the fraud strategy is complete and the confidential reporting policy was last reviewed in April 2011 [no changes necessary].</p> <p>The Housing and Council Tax Benefit Sanctions Policy was reviewed in January 2011.</p>
Reporting Processes – content, frequency and recipients of reports	<p>Audit Committee receive performance reports from the two teams at alternative quarterly meetings during the year.</p> <p>Performance indicators for Internal Audit are reported to CMT quarterly. The Benefit Investigation Section report on performance objectives in the Customer Service Performance Pack, on Havering Performs and submit returns to the Department for Work and Pensions.</p>
Feedback from External Audit	<p>Both the Internal Audit team and Benefit Investigation Section are subject to external audit review annually, as part of the Accounts work. Findings and recommendations are received by Senior Management and Members.</p>
Liaison with other agencies	<p>Links with other agencies have been strengthened substantially since the last review in September 2009. The Benefit Investigation Section have forged a close working relationship with the local police resulting in several arrests. Joint working with the DWP, HMRC and UK Borders Agency has also been very successful.</p> <p>The Internal Audit team has been working closely with Homes in Havering to combat tenancy fraud and the initiative was extended to all RSLs within the borough from 1 April 2011.</p>
Fraud manual – update and refresh	<p>The Internal Audit Fraud Manual was reviewed and updated in July 2010 whilst the Housing and Council Tax Benefit Fraud Manual is refreshed every two years or as required when legislative changes occur. The next refresh is due this year, 2011.</p>
Awareness and training	<p>Posters advertising the Fraud Hotline telephone number are located around the borough in key locations.</p>

Area	Progress & Actions
programme	<p>Note pads and drinks coasters with the current fraud poster logo and Fraud Hotline number are regularly distributed at events around the borough and were given out at recent Audit Committee anti-fraud training.</p> <p>In addition, the Fraud Hotline number is advertised in the Benefit Booklet that goes to 20,000 homes as part of annual billing.</p> <p>Fraud awareness sessions are run annually for Housing Benefits staff and front line services, including Homes in Havering.</p> <p>A new 'e' learning package focussing on corporate fraud issues has been rolled out to all managers and members of the Audit Committee. This will be rolled out to all staff in May 2011.</p>
Structure of the team, direction of travel and succession planning	<p>The fraud team in Internal Audit consists of three FTEs. There will be a full review of the structure of Internal Audit during 2011.</p> <p>The Benefit Investigation Section currently has eight FTE posts, including a Financial Investigator post that is a recent addition to the team. This officer will undertake financial investigations in order to confiscate assets (usually money) deemed to be proceeds of crime.</p> <p>The council has been awarded a further £100k grant for the next two years to tackle the issue of tenancy fraud across the borough. A recruitment exercise is underway to recruit two new investigators who will tackle tenancy issues such as sub-letting, false RTB and obtaining tenancies by deception. Included in this work will be investigations for and on behalf of local RSLs.</p>