



**Havering**  
LONDON BOROUGH

# AUDIT COMMITTEE

25 June 2012

**Subject Heading:**

Annual Review of Fraud & Corruption

**Report Author and contact details:**

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**Policy context:**

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To inform the Audit Committee of the results of the annual review.

**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	X
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 provides Members with details of the annual review of fraud and corruption arrangements as well as providing an update on developments during the last year and new initiatives going forward.

## RECOMMENDATIONS

1. To note the work continuing to take place on Anti Fraud & Corruption.
2. To approve the Anti Fraud & Corruption Strategy, Appendix A.

**REPORT DETAIL**

1. The annual review of arrangements was undertaken in May 2012.
2. On 1<sup>st</sup> September 2011 the Housing Benefit Investigations Team was brought under the line management of the Internal Audit & Corporate Risk Manager in Finance & Commerce. Two additional temporary posts, funded by grant money, had just been established to tackle Housing Fraud. The longer term aim was to identify the benefits of creating a Corporate Fraud Team and if approved restructure the resources.
3. Due to the proposals that a Single Fraud Investigation Service, to be run by Department of Work and Pensions, is to be created no immediate plan to restructure the two teams into one has been progressed. However the fraud resources within Internal Audit were restructured in 2011/12 and the Investigations Team will be restructured in 2012/13. Both restructures aimed to ensure teams continued to meet the needs of the organisation and by improving consistency of grade and compatibility of the two structures it will mean the transition to a single Corporate Team will be straight forward should this be necessary in the future.
4. To inform how fraud resources are applied a risk assessment has been produced and presented to Corporate Management Team. This risk assessment has been used to ensure proactive efforts are focused in the highest risk areas, in particular where training and awareness is needed for teams and managers in specific areas. A programme of training will be delivered over the next six months and the risk assessment will be reviewed against the team's caseload and updated to include financial information.
5. In addition to the above an annual fraud campaign is run which includes reminders to all staff and posters displayed advertising the fraud hotline.
6. A review of our arrangements with regards Money Laundering was completed in March 2012 and the results of this have been fed into the risk assessment mentioned above.
7. A review of the Anti Fraud and Corruption Strategy has been completed. The updated Strategy is included as Appendix A of this report.
8. In response to the changes in legislation in 2011/12 a Bribery Policy has been produced and is with ACE Legal & Democratic Services for comment. The Council's policies relating to prosecution are also currently being refreshed to ensure they remain current and appropriate and give sufficient guidance to ensure consistency of approach. These policies will be approved by Corporate Management Team by September 2012.

9. The Audit Commission Report – Fighting Fraud Locally and other relevant publications and seminars are used as a source of information and guidance to which the Council's arrangements are compared.
10. The Fraud Manual, available to guide the team on policy and procedure is reviewed and updated annually; the last review was completed in September 2011. Other guidance material, available on the intranet, for staff generally is currently being reviewed this includes the Council's Whistle blowing Policy.
11. All permanent established fraud posts are currently filled by employees therefore all resources are subject to the Corporate Performance Procedures.

## **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:**

There are no direct implications or risks from consideration of the Report.

### **Human Resources implications and risks:**

None arising directly from this report. Guidance is provided with regards Anti Fraud & Corruption Arrangements and a campaign to raise and maintain awareness is on-going. Any breaches in compliance with the procedures will be dealt with in accordance with the Council's disciplinary procedures.

### **Equalities implications and risks:**

An Equality Impact Assessment was completed during the review of the strategy. There were no issues identified.

**BACKGROUND PAPERS**

Audit Commission's - Protecting the Public Purse & Fighting Fraud Locally  
Anti Fraud and Corruption Strategy 2011  
The Red Book 2  
Fraud Act 2006  
Police and Criminal Evidence Act 1984  
Regulation of Investigatory Powers Act 2000