



**“PROTECTING THE PUBLIC PURSE” UPDATE
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)**

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To provide members with the an update on the recommendations contained in the Audit Commission’s “Protecting the Public Purse” publication

2. RECOMMENDATION

- 2.1 That the committee note the completed “Fighting Fraud Checklist” and the actions resulting.
- 2.2 That the committee approve that progress against these actions and the corporate fraud log will be reported every six months
- 2.3 That the committee note the outcomes of the Single Person Discount review

3. BACKGROUND TO THE REPORT

Fighting Fraud Checklist and Action Plan

- 3.1 The Audit Commission’s publication “Protecting the Public Purse” (2013) indicated that fraud costs the UK Public Sector more then £20billion per year and local government more than £2billion.
- 3.2 The results of the “Protecting the Public Purse”, along with fraud data relating to Hinckley and Bosworth Borough Council were presented to this committee by the Council’s External Auditors (PricewaterhouseCoopers LLP) on 31st March 2014. Contained within the publication was a “Fighting Fraud Checklist” which has been completed by officers and included in Appendix 1.
- 3.3 The completed checklist identifies a number of action points in areas where processes for fraud prevention and detection could be further improved. It is proposed that an update on these areas, along with an appropriate copy of the proposed “corporate fraud log” is presented to this committee on a six monthly basis.

Single Person Discount Review

- 3.4 As part of the Council’s proactive approach to fraud prevention, a Single Person Discount (SPD) review was conducted by the Leicestershire Revenues and Benefits Partnership in conjunction with a third party (Datatank). The review involved contacting targeted customers in receipt of single persons discount (25% reduction) to obtain assurance that they continue to be eligible for this relief.
- 3.5 The provisional results of this process have been provided by Datatank as follows:
- 2,836 customers were targeted for contact as part of the exercise based on Datatank’s intelligence of those most “at risk” of committing SPD fraud
 - A total of 1,779 responses were received from targeted customers (62.7%). Of this amount, 79% responded by post and 11% by e-form

- Of those accounts review, Datatank has recommended a total of 677 removals which will generate up to £202,901 of council tax income (before allocation through precepts)

4. FINANCIAL IMPLICATIONS [KP]

- 4.1 The Single Person Discount review was charged on the basis of the number of removals. The provisional cost of this is £14,832, of which £12,607 will be funded by the major preceptors. The return on investment (i.e. the amount of Council Tax which will be released as a result of removal) is estimated at over 13 times.
- 4.2 There are no other direct financial implications arising from this report, though any fraud will inevitably have a financial impact for the Council.

5. LEGAL IMPLICATIONS [EH]

- 5.1 There are no implications arising directly from the body of this report.

6. CORPORATE PLAN IMPLICATIONS

- 6.1 The prevention of fraud and corruption will ensure the achievement of all Corporate Plan objectives.

7. CONSULTATION

- 7.1 None

8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 9.1 None

10. CORPORATE IMPLICATIONS

- 10.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications

- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: "Protecting the Public Purse"
Corporate Anti – Fraud Policy

Contact Officer: Katherine Plummer, Head of Finance ext 5609

Executive Member: Cllr K Lynch

Appendix 1

Fighting Fraud Checklist for Governance

“Protecting the Public Purse” (2013)

Question	Yes/No	Comments	Actions	Deadline for action
General				
1. Do we have a zero tolerance policy towards fraud?	Yes	Defined in Corporate Anti-Fraud Policy	-	-
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i> ?	Yes	Corporate Anti-Fraud Policy	-	-
3. Do we have dedicated counter-fraud staff?	No	Whilst a dedicated team is in place within the Revenues and Benefits Partnership for benefit fraud, there is currently no dedicated resource in place for corporate anti-fraud.	HBBC to bid for funding from DWP to enable the set up of a corporate fraud team.	In line with DWP timetable
4. Do counter-fraud staff review all the work of our organisation?	No			
5. Does a councilor have portfolio responsibility for fighting fraud across the council?	Yes	Executive Member for Finance, ICT & Asset Management	-	-
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	No	Regular reports are not currently produced on fraud.	A report detailing fraud cases and outlining how fraud risks are being identified and managed will be produced for Finance, Audit and Performance Committee on a six monthly basis.	First report by 30 th September 2014
7. Have we assessed our management of counter-fraud work against good practice?	Yes	Completion of Protection of the Public Purse survey	-	-
8. Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> new staff (including agency staff); 	Yes	Staff/member training and briefings	-	-

<ul style="list-style-type: none"> existing staff; elected members; and contractors 		Collusive tendering declarations		
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Yes	CIPFA/Audit Commission and Auditor networks	-	-
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	Yes	Information is shared within County wide groups such as LTA	-	-
11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	Yes	Internal Audit	-	-
12. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	Yes	National Fraud Initiative matches are reviewed upon receipt	-	-
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Yes	Anti fraud-corruption policy now includes details on money laundering. Cashless office	-	-
14. Do we have effective arrangements for: <ul style="list-style-type: none"> reporting fraud?; and recording fraud? 	No	Whistleblowing Policy is in place No corporate fraud log is maintained	Corporate fraud log to be devised and maintained within finance	30 th June 2014
15. Do we have effective whistle-blowing arrangements? In particular are staff: <ul style="list-style-type: none"> aware of our whistle-blowing arrangements? have confidence in the confidentiality of those arrangements? 	No	Whistleblowing Policy is in place. Additional assurance is required over operating effectiveness	Request internal audit review of operating effectiveness of whistleblowing procedures	31 st March 2015

• confident that any concerns raised will be addressed?				
16. Do we have effective fidelity insurance arrangements?	Yes	Insurance held with Zurich for £2million	-	-
17. Have we reassessed our fraud risks since the change in the financial climate?	Yes	Fraud awareness workshop and fraud risk assessment performed in 2014	-	-
18. Have we amended our counter-fraud action plan as a result?				
19. Have we reallocated staff as a result?	No	See question 3 and 4	-	-
Housing Tenancy				
20. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	Yes	All housing applications are reviewed and supporting information obtained/verified to ensure that allocations are made to eligible tenants.	-	-
21. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	In part	Whilst tenancy inspectors will carry out work where possible there is not systematic review performed to identify tenancy fraud.	Tenancy fraud review to be picked up as part of remit of newly appointed "Property Inspector"	31 st March 2015
Procurement				
22. Are we satisfied our procurement controls are working as intended?	Yes	Dedicated procurement officer/training on financial procedure rules and validation by internal audit.	-	-
23. Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels, and compared them with best practice?	Yes	Our procedures are compared with best practice in terms of government guidelines and also other Local Authorities. They are in accordance with best practice and appropriate measures are in place. They include Declarations that are required to be made by bidders in regard to non-collusion.	-	-

Recruitment				
<p>24. Are we satisfied our recruitment procedures:</p> <ul style="list-style-type: none"> ▪ prevent us employing people working under false identities 	Yes	<p>Current process require all new employees to provide proof of identity/eligibility, with originals of the documents verified by human resources and placed on the employees personnel file. Acceptable documents such as passport, driving license, birth certificate are checked in line with home office guidance</p>	-	-
<ul style="list-style-type: none"> ▪ confirm employment references effectively; 	Yes	<p>All offers of employment are subject to satisfactory references which is stated clearly in the verbal offer and subsequent written offer. References are sent then approved by the manager. A start date is not agreed with an employee until these along with other conditions including proof of identity/eligibility, health assessment and if appropriate Disclosure and Barring Service check are verified.</p>	-	-
<ul style="list-style-type: none"> ▪ ensure applicants are eligible to work in the UK; and 	Yes	See 24	-	-
<ul style="list-style-type: none"> ▪ require agencies supplying us with staff to undertake the checks that we require? 	Yes	<p>Contracts with agency suppliers state the requirement to undertake the necessary pre-employment checks before supplying staff.</p> <p>This should include as a</p>	-	-

		<p>minimum references, proof of identity/eligibility, notification of any unspent convictions and where appropriate, a Disclosure and Barring Service check.</p> <p>HR do not control supplier contracts and therefore cannot confirm if this included within current supplier agreements without checking them.</p>		
Personal budgets				
25. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	n/a			
26. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?				
Council Tax discount				
27. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	In part	<p>Whilst tax payers are not required to submit a written application for a discount, we will require one if there are concerns surrounding an application.</p> <p>The Council has recently undergone a Single Person Discount Review in conjunction with a third party.</p>	-	-
Housing Benefit				
28. When we tackle housing benefit fraud	Yes	Full use is made of the data	-	-

do we make full use of:		sources indicated		
<ul style="list-style-type: none"> National Fraud Initiative; Department for Work and Pensions Housing Benefit matching service; internal data matching; and private sector data matching? 				
Emerging Fraud Risk				
29. Do we have appropriate and proportionate defences against emerging fraud risks:	In part	All applications for NNDR relief are required to be supported by third party documentation (e.g. evidence of charitable status)	Consider a County wide validation exercise in conjunction with other finance colleagues	31 st September 2014
<ul style="list-style-type: none"> business rates; 		Work is currently being considered by the LTA to consider validation exercises to identify business rate fraud.		
<ul style="list-style-type: none"> Right to Buy; 				
<ul style="list-style-type: none"> Social Fund and Local Welfare Assistance; 	n/a	n/a	-	-
<ul style="list-style-type: none"> council tax reduction; 	Yes	The Council employs a dedicated fraud investigator who has delegated responsibility for the prevention, detection, investigation and referring to a prosecuting body, cases of suspected fraud.	-	-
<ul style="list-style-type: none"> schools; and 	n/a	n/a	-	-
<ul style="list-style-type: none"> grants? 	Yes	The Council requires all bodies awarded grant monies to supply evidence of how expenditure has been utilised in line with conditions of the allocation.	-	-

