

**REPORT FOR: GOVERNANCE, AUDIT,  
RISK MANAGEMENT  
AND STANDARDS  
COMMITTEE**

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**Date of Meeting:** 1<sup>st</sup> April 2015

**Subject:** **Corporate Anti-Fraud Team  
Draft Expected Fraud Code  
Implementation Outcomes  
2015-16**

**Responsible Officer:** Simon George – Director of Finance & Assurance

**Exempt:** No

**Enclosures:** Appendix 1 – Draft Expected Fraud Code Implementation Outcomes 2015/16  
Appendix 2 – CIPFA Code of Practice Guidance notes on Managing the Risk of Fraud and Corruption

## **Section 1 – Summary**

This report sets out the draft expected fraud code implementation outcomes for 2015/16 and the suggested approach

**Recommendations:**

The Committee is requested to:

- a) Adopt the CIPFA code of practice on Managing the Risk of Fraud and Corruption
- b) Consider and comment on the self assessment against the Code and draft expected fraud code implementation outcomes for 2015/16
- c) Provide comment on how best engagement with Members could be achieved with regards to managing fraud and corruption risks

## Section 2 – Report

### Background

- 2.0 On 1st October 2014, as a result of the Government's Welfare Reform Agenda, housing benefit fraud investigation work undertaken by the authority transferred to the Department for Work & Pensions, Single Fraud Investigation Service (SFIS), along with 2 FTE posts from the Corporate Anti-Fraud Team (CAFT). The result of this has meant the type and composition of the work undertaken by the team and how the organisation manages fraud and corruptions risks will change moving forward and it is likely to encompass greater prevention and awareness work corporately, in addition to responding to fraud allegations.
- 2.1 Since the transfer date the CAFT have been focusing their resources on corporate investigation work mainly involving Council Tax Support, Housing Management, Housing Assessment, Social Care, Blue Badges and co-ordination of the National Fraud Initiative (NFI) exercise. A number of recent investigations involving school admissions allegations and disabled facility grants have also commenced. This investigation work will continue reactively and proactively into high risks areas such as previously mentioned throughout 2015/16 and will continue to feature as part of a much broader piece of work during 2015/16.
- 2.2 On 1<sup>st</sup> December 2014 the CAFT Mid Year Report was presented to the Committee inviting their views on where they believed the authority ought to be targeting their resources in terms of managing the risk of fraud and corruption. It also informed that CIPFA had recently published their code of practice on *Managing the Risk of Fraud & Corruption*. This report recommends the adoption of this code.
- 2.3 It was also suggested by the Committee that a joint letter from The Chair, Vice Chair and Director of Finance be penned to all Elected Members canvassing their opinion given the changes in the fraud risk landscape and the challenges presented by achieving compliance with the code.
- 2.4 This letter went to Elected Members on or around 29<sup>th</sup> January 2015 and it also invited them to attend one of two Fraud Awareness Briefings being delivered by the Corporate Anti-Fraud Team on 10<sup>th</sup> & 12<sup>th</sup> February 2015. Take up of the awareness session was unfortunately low and only one Member responded in writing providing their opinion. The Committee is therefore asked for its views on how best to engage more effectively with Members during 2015/16.
- 2.5 A paper was presented to CSB on 11<sup>th</sup> February 2015 giving a background of fraud risks faced by the organisation and the challenges of meeting the demands of the CIPFA code.
- 2.6 The Corporate Anti-Fraud Service Manager accompanied the Head of Internal Audit recently in attending the directorate departmental management team meetings to inform about the code and the work required ahead and to obtain an idea about where they felt their fraud risks lay within their own areas.

## **CIPFA Code of Practice**

- 2.7 In December 2014 CIPFA published its guidance underpinning the code of practice (Appendix 2) and they are also due to publish a check list in the coming months providing organisations with greater detail about the compliance expectations for each principle.
- 2.8 The sheer scale and level of detail demanded by the code is such that only a collaborative effort across the authority will ensure that the code is satisfied. It is vital that skills and expertise across a number of groups and departments such as corporate anti-fraud, risk management, internal audit, the authorities' leadership team, elected members and the directorates themselves all work together to achieve compliance.
- 2.9 Within the code itself there are five key principles and a number of elements within each principle which the authority needs to satisfy in order to achieve compliance with the code.
- 2.10 The five key principles in the code are:-
- a) Acknowledge the responsibility of the governing body for countering fraud and corruption
  - b) Identify the fraud and corruption risks
  - c) Develop an appropriate counter fraud and corruption strategy
  - d) Provide resources to implement the strategy
  - e) Take action in response to fraud and corruption
- 2.11 Within the five key principles there are twenty one (21) criteria which provide more detail about what is expected for an organisation to meet the code.
- 2.12 Whilst the code is voluntary, assessment against the code will feed into the Annual Governance Statement work undertaken by Internal Audit. A formal assessment will be undertaken at the end of 2015/16 to assess the organisation against the code and this will be reported in the Annual Governance Statement.
- 2.13 Failure to adopt the code will have an adverse affect upon the authorities' framework of governance, risk management and control and its resilience to fraud and corruption.
- 2.14 The challenge ahead to satisfy the code will be a corporate challenge and not the responsibility of one individual or department. Fraud and corruption risks should be considered as business risks and managed as part of the organisation's risk management framework, not in isolation, nor as a one off exercise.

## **Suggested approach**

- 2.15 Appendix 1 illustrates the draft expected fraud code implementation outcomes being sought. It is recommended to the Committee that an initial self assessment be undertaken against the code to establish a baseline of where the authority currently lies. This work of course is dependent upon the authority adopting the code.
- 2.16 It is envisaged that the authority will meet fully or partially some criteria but may not meet others. This assessment will establish a gap analysis and inform the development of a Corporate Anti-Fraud Team Counter Fraud Service Plan/Action Plan for 2015/16 with details of how any gaps will be bridged over the coming 12 months.
- 2.17 This self assessment will be undertaken early in quarter 1 in 2015/16 so that the action plan can be developed and presented to the Committee on 22<sup>nd</sup> July 2015.
- 2.18 Compliance with the code is vitally important to ensuring that the authority minimises or reduces the risk of fraud and corruption which could have a detrimental effect on its ability to meet its corporate objectives.

## **Section 3 – Further Information**

None

## **Section 4 – Financial Implications**

The financial implications have been shown where relevant, in the report.

## **Section 5 - Equalities implications**

None

## **Section 6 – Corporate Priorities**

Effective management of the risk of fraud and corruption is an integral part to the organisation meeting its corporate objectives.

Name: Simon George

Chief Financial Officer

Date: 20/03/15

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Name: Linda Cohen

On behalf of the Monitoring  
Officer

Date: 20/0315

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## **Section 7 - Contact Details and Background Papers**

**Contact:** Justin Phillips, Corporate Anti-Fraud Manager

**Background Papers:** None