

Subject:	Fraud reporting	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	18 March 2014
Report of:	Grant Thornton / Audit Commission	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Members are asked to consider the fraud briefing produced by the Audit Commission for the 2012/13 financial year.

2. PURPOSE OF REPORT

2.1 The briefing sets out some key issues from the Audit Commission's fraud survey..

3. CORPORATE PRIORITIES

3.1 The matters discussed in this letter do not impact directly on the Council's corporate priorities:

4. RISK ASSESSMENT IMPLICATIONS

4.1 There are no risk assessment implications.

5. BACKGROUND AND OPTIONS

5.1 The fraud briefing allows members the opportunity consider relevant fraud issues at Rossendale and also how the Council compares with other authorities.

5.2 The information in the presentation is based on a fraud survey completed during 2013 by all local authorities and has been produced by the Audit Commission

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 This is a report of the External Auditor

7. MONITORING OFFICER

7.1 This is a report of the External Auditor

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Not applicable

9. CONCLUSION

9.1 For information only.

Protecting the Public Purse Fraud Briefing 2013 Rossendale Borough Council



Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?

And do not forget

- Checklist for those charged with governance (Appendix 2 of PPP 2013)*
- Questions councillors may want to ask/consider (Appendix 3 of PPP 2013)*

Introduction

- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

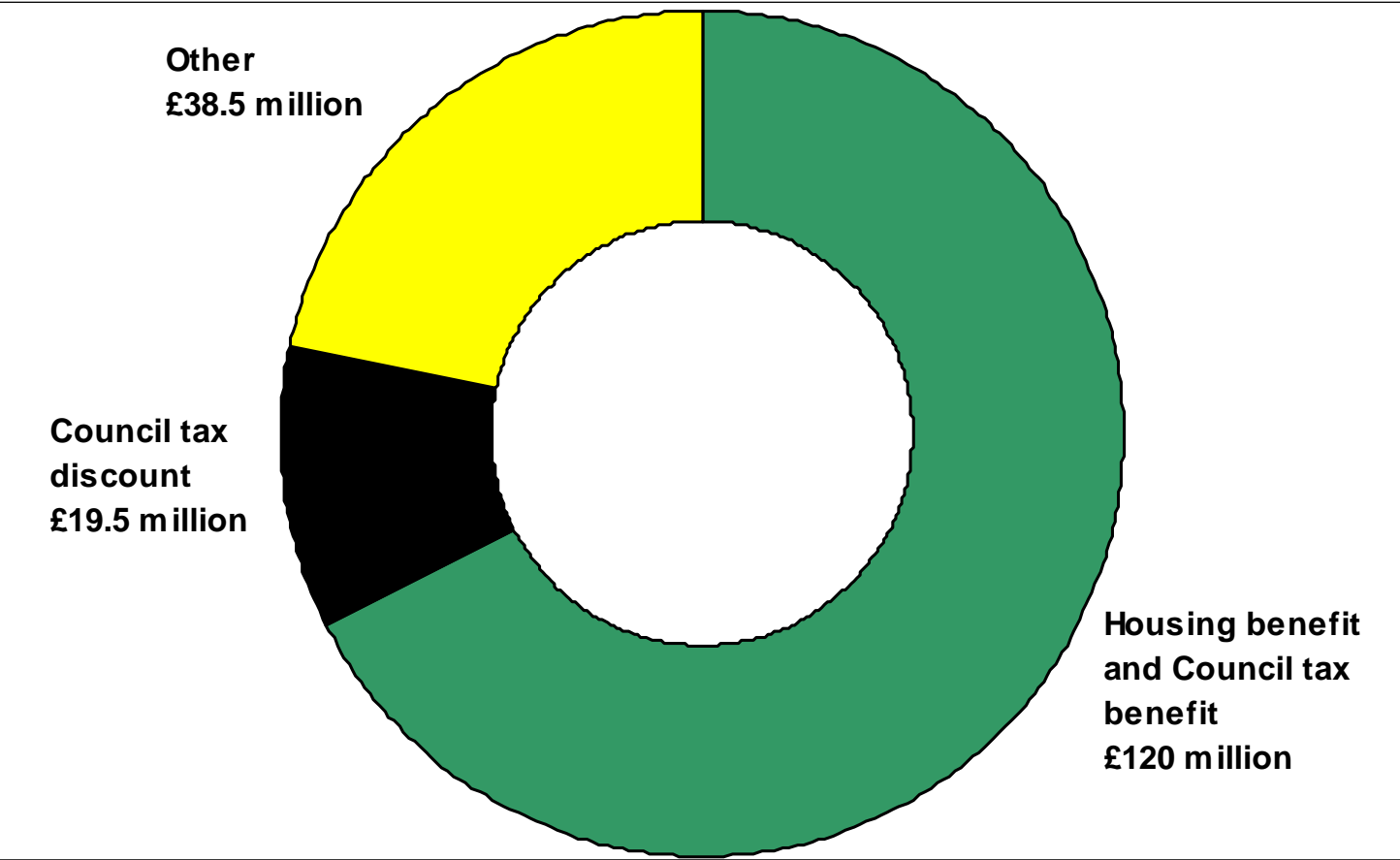


Purpose of Fraud Briefing at your council

- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

National Picture 2012/13

Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)



Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

Interpreting fraud detection results

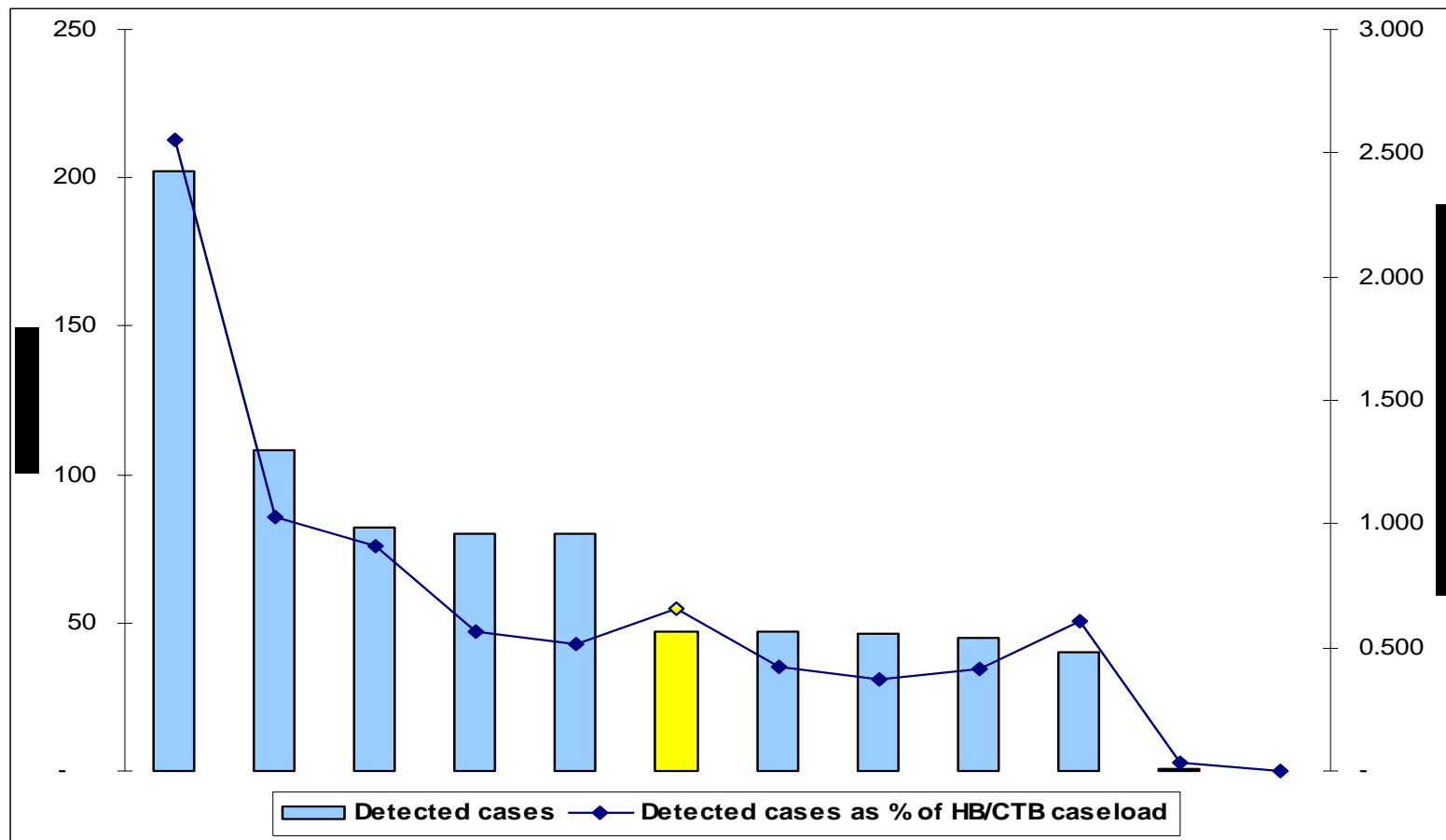
- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow

District councils in your county area 2012/13

Housing benefit (HB) and Council tax benefit (CTB) fraud

Detected cases and detected cases as a percentage of HB/CTB caseload



Rossendale detected: 47 cases, valued at £122,466

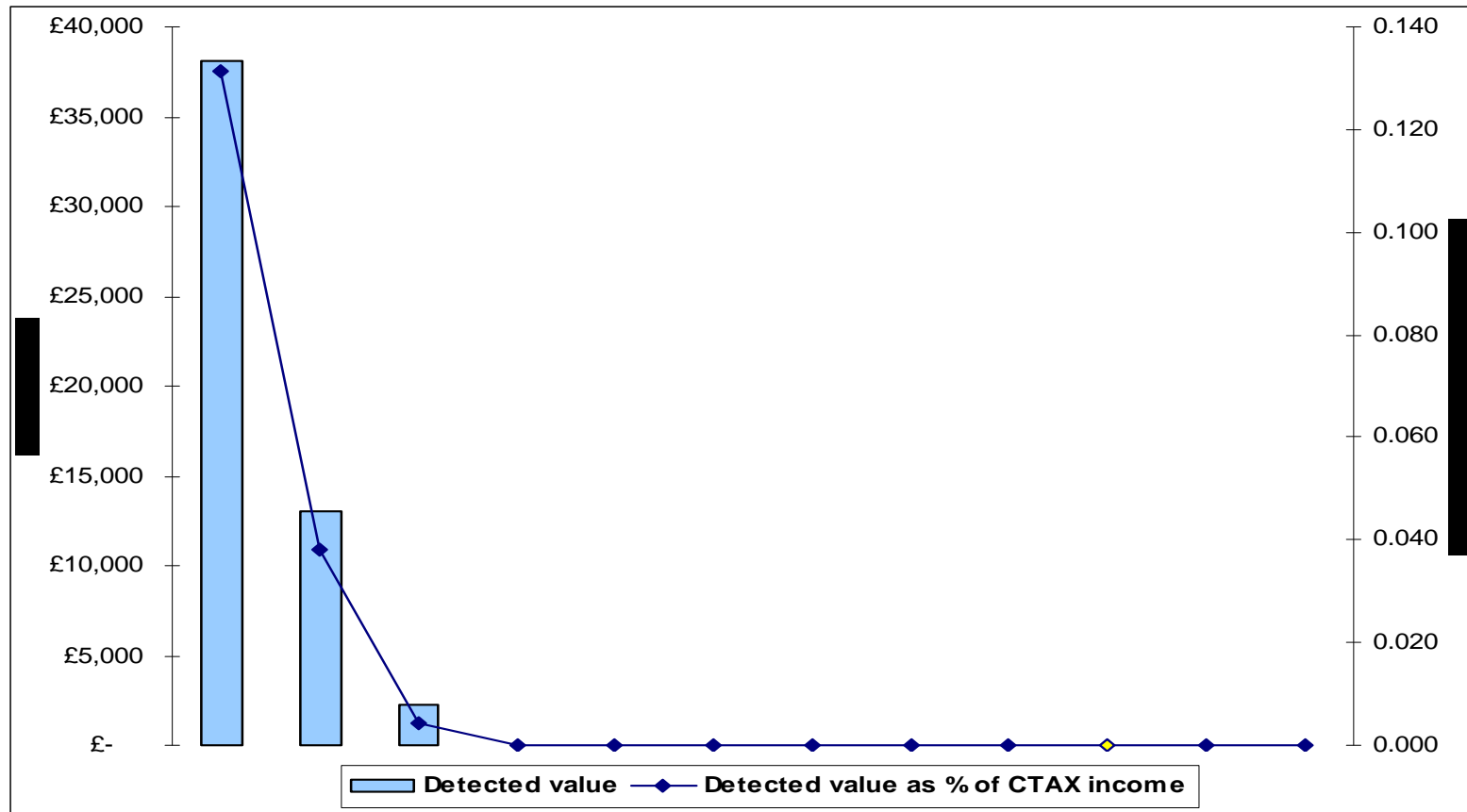
DC average for your county area: 65 cases, valued at £165,402



District councils in your county area 2012/13

Council tax (CTAX) discount fraud

Detected value and detected value as a percentage of council tax income



Rossendale detected: no cases

DC average for your county area: 10 cases, valued at £4,439



Rossendale Borough Council

Other frauds

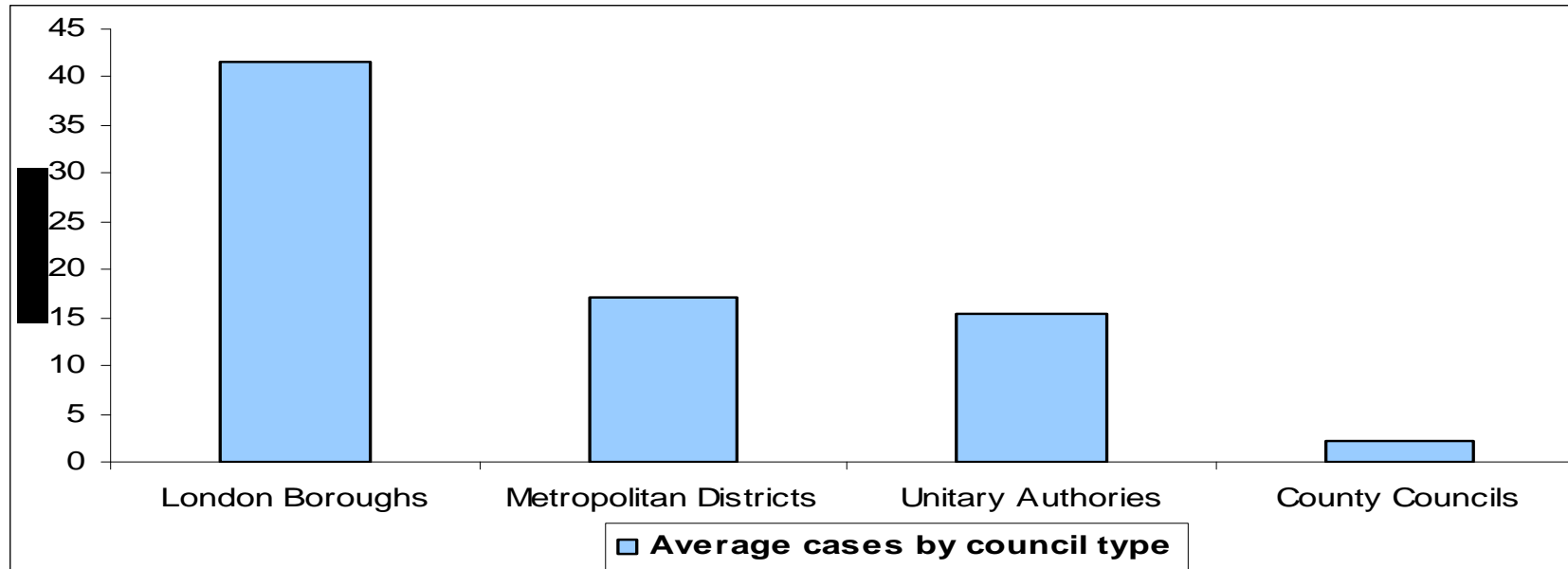
- **Procurement:** no cases
*(Ave per DC in your county area: no cases
Total for all local government bodies in your region: 20 cases, valued at £411,783)*
- **Insurance:** no cases
*(Ave per DC in your county area: <1 case, no value recorded
Total for all local government bodies in your region: 6 cases, valued at £276,008)*
- **Economic & Third sector:** no cases
*(Ave per DC in your county area: no cases
Total for all local government bodies in your region: 11 cases, valued at £18,400)*
- **Internal fraud:** no cases
*(Ave per DC in your county area: 1 case, valued at £3,428
Total for all local government bodies in your region: 168 cases, valued at £1,522,016)*

Correctly recording fraud levels is a central element in assessing fraud risk

It is best practice to record the financial value of each detected case



Disabled parking (Blue Badge) fraud Detected cases by issuing council type



In two-tier areas:

- county councils have administrative responsibility for issuing blue badges
- district councils face reduced car parking income as a result of the fraudulent abuse of blue badges.

District councils without housing stock 2012/13

Social housing fraud

It is estimated that:

- 2 per cent of social housing stock outside London is subject to tenancy fraud;
- tenancy fraud represents the second largest financial loss to fraud in local government, costing £845 million in 2013; and
- when combined with the loss to tenancy fraud suffered by housing associations, the total value in England is £1.8 billion – making tenancy fraud five times greater than the annual loss due to housing benefit fraud.

The Prevention of Social Housing Fraud Act 2013 criminalises tenancy fraud

The legislation gives councils investigation powers and the ability to prosecute tenancy fraudsters on behalf of housing associations

Should you be using this legislation to work in partnership with local housing associations?

Any questions?

