

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

**13th December 2010**

**PROTECTING THE PUBLIC PURSE – LOCAL GOVERNMENT**

Relevant Portfolio Holder	Geoff Denaro
Relevant Head of Service	Teresa Kristunas
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 To provide updated advice to the Audit Board regarding possible fraud and corruption against the Council, as indicated by the Audit Commission in their report 'Protecting the Public Purse 2010 : Fighting fraud against local government and local taxpayers'. To identify those areas of concern for further action, in order to reduce the risk to the Council, by using the Self-Assessment Checklist (see Appendix 1). The Self-Assessment Checklist has been completed detailing work currently undertaken.

**2. RECOMMENDATIONS**

That the Audit Board:

- 2.1 Review the checklist at Appendix 1, in order to provide a baseline of where we are, to ensure sound governance and counter fraud arrangements are working as intended.
- 2.2 Review the outcomes of the recent Fraud Survey as shown at Appendix 2.
- 2.3 Review the outcomes of Investigations undertaken by the Corporate Anti-Fraud Team during 2009/10 and the first six months of 2010/11.
- 2.4 To approve the targeting of the risks identified (on following pages), as raised nationally. The implementation of this work will assist the Council to do all it can to address fraud and corruption that may be affecting it/or may affect it in the future.
- 2.3 That the Audit Board recommend the Council to undertake a commitment to fight possible fraud and corruption against the Council, by initially using the Audit Commission's self assessment Checklist (see Appendix 1) and to consider potential risks to the Council by utilising the Corporate Anti-Fraud Team (CAFT) to identify and prevent such risks.

**3. BACKGROUND**

- 3.1 Fraud against Local Government continues to be highlighted in a number of national publications. The Audit Commission have produced a report titled

## BROMSGROVE DISTRICT COUNCIL

### **AUDIT BOARD**

**13th December 2010**

---

“Protecting the Public Purse 2010: Fighting fraud against local government and local taxpayers”.

The Audit Commission have produced an updated checklist (see Appendix 1) for those responsible for governance within local authorities. This assessment enables councils to assess the effectiveness of current arrangements and take action where appropriate, comparing 2009 against the current year, 2010. Clear targets can be set accordingly with monitoring taking place via the Audit Board. It assists in minimising fraud, and the harm it causes, both to the Council and to local residents.

It is an accepted fact that fraud will increase because of the economic climate, due to increased personal incentives, whilst the controls put in place to prevent and detect fraud come under pressure as councils look to reduce costs.

Fraud clearly has an adverse impact on the economy as well as services which the Council needs to provide to its residents. The majority of honest residents pay for it through taxes.

Defences against fraud need to continue to be developed to maintain their effectiveness in the face of new threats and risks, as the skills and capabilities of those committing fraud are constantly evolving.

It is important that the issue of addressing fraud is a responsibility that is shared. The main priority must be to protect the public purse, and the cost of resourcing any exercise should be an obligation on all organisations that benefit financially, based on invest-to-save principles.

High risk areas currently identified, in addition to the more traditional areas (e.g. Benefit Fraud), are:

- Payroll, pensions & expenses
- False insurance claims
- Procurement
- Abuse of Position
- Housing Tenancy

It also highlights Blue Badge (disabled parking concessions) which remains the responsibility of County Council, but clearly has an impact on local Councils through car-parking revenue.

**Housing Tenancy Fraud**, whilst the stock of social housing is managed by BDHT, Bromsgrove Council still have interests in Grants and Renovations, plus Homeless housing.

## BROMSGROVE DISTRICT COUNCIL

### **AUDIT BOARD**

**13th December 2010**

---

Whilst we have no direct involvement in tenancy related fraud, this could impact on the extra costs of housing homeless families/individuals, temporarily, due to the lack of social housing available. In the Audit Commission 2009 report "Protecting the Public Purse: Local Government fighting fraud" it is noted that housing lists have increased by 50% in the last six years alone. This clearly has an impact on the availability of temporary accommodation and the costs associated with that.

National estimates (National Fraud Authority) put the cost of housing homeless persons at £18,000 per year, per person/unit. Local estimates are not available but it is noted that the majority of homeless accommodation is utilised for a period of 3-4 months prior to the allocation of permanent social housing. Therefore it is reasonable to state that the costs to Bromsgrove Council appear to be significantly under the national estimates.

The Fraud Services Manager has agreed to provide Fraud Awareness training and Document Verification training to BDHT Homeless Housing Team (including BDC Housing Strategy staff) early in 2011.

The issue over false claims for Grants/Renovations is un-determined and therefore no figures are available nationally. It is worth noting that an investigation (by CAFT) into a Disability Facilities Grant application (in September 2010) saved Bromsgrove Council £30,000 by identifying that the applicant had failed to declare excess capital held.

**Single Person Discount Fraud** is claimed by householders where there is only one person in the household aged over 18. They receive a 25% discount on the Council Tax liability for that property. Nationally 35% of households receive this discount. Locally the percentage is 29.6%. Local Council Tax payers meet the cost of these discounts through their own council tax bills.

Whilst the level of Single Person Discount (SPD) Fraud is unclear, the outcomes of initial pilots by the Audit Commission show variances of between 1% and 11% fraud, with most clustered between 4% and 6%.

Therefore it is reasonable to assume that SPD fraud is averaging at 4%. Information from the Audit Commission's On-line Comparator Tool indicates that the financial benefit to Bromsgrove District Council over a three year period (taking account of the three year government grant settlement for councils) is possibly £368,876 (see table below).

## BROMSGROVE DISTRICT COUNCIL

### **AUDIT BOARD**

**13th December 2010**

---

Four per cent is used in this calculation as this is the average number of council tax SPDs cancelled by proactive action as identified by Audit Commission research.

It is worth noting that the direct monetary impact for Bromsgrove Council is 13% of the Council Tax charged. This equates to a possible income of £47,953.88.

Therefore closer working with County Council, with a sharing of costs, could benefit both providing much needed additional income.

Council name	For 1 year	For 3 years
Bromsgrove District Council	£122,959	£368,876

***Source:** Audit Commission calculation using data from projected tax base data from the Local Government Settlement, CBT1 and RA returns, Department for Communities and Local Government (CLG). It does not include any work undertaken by local Councils after October 2009.*

#### **Other Council Tax discounts and exemptions**

Other types of discounts and exemptions applied to Council Tax liability may provide additional revenue, but currently these have not been reviewed or considered further. Therefore no figures are available. However if they were reviewed, and investigated where relevant, this could provide additional revenue to the Council, in line with research undertaken on Single Person Discounts.

**Recruitment Fraud** is an area, where without adequate vetting procedures, is easy to manipulate by those wishing to exploit opportunities in order to commit fraud from within the organisation. In addition there are also clear risks allowing someone with false or overstated references or qualifications to carry out tasks which they are not qualified to do. The potential consequences of recruitment fraud include:

- fraud or impropriety
- inadequate performance
- risk of harm to vulnerable people
- increased costs associated with suspension, disciplinary action and possible dismissal
- the cost of recruiting and training staff

- high levels of absence
- employment with no right to work in the UK

Good practices, in preventing such issues, include:

- undertaking pre-employment checks
- verifying that the successful job applicants are who they claim to be
- verifying their employment histories and experiences match the application forms
- verifying of qualifications
- undertaking criminal record checks for positions involving access to vulnerable people
- checking records to ensure residency at stated home address
- verification of identity documents.

Due to impact of the recession, competition for employment is rising. This tempts jobseekers to ensure that their qualifications, employment history, experience and references look as good as possible. It is fraudulent if applicants deliberately fail to declare a criminal record or make false statements about their qualifications, experience or their entitlement to work in the UK.

### **Housing and Council Tax Benefit Fraud**

£18.5 billion is spent every year, with fraudulently obtained overpayments estimated to exceed £200 million. Smarter working, using data-matching, both internally and externally, will assist with the identification of incorrectly paid claims for Housing and Council Tax Benefit.

Whilst data-matching is regularly undertaken with other Social Security Benefits (via the Department for Work and Pensions), and with the Audit Commission every two years as part of the National Fraud Initiative, there is scope for setting up and improving internal data-matching with payroll, licensing, grants, or council tax, subject to the legalities of sharing information. IT systems are already in place to take in this data and to identify possible matches, which could be done either quarterly or six monthly by the Corporate Anti-Fraud Team (CAFT), in addition to the work already done.

### **Procurement**

The Council needs to ensure that procurement arrangements currently in place reduce the risk of fraud and are working as intended, following the latest guidance from the Office of Fair Trading.

Fraud can occur at any stage of the procurement cycle, from the initial business case to the award and management of the contract. Procurement fraud can take various forms, e.g.:

- deliberate failure to tender in accordance with contract specifications and then submitting false claims for extra costs under the contract
- contractors providing inferior goods or services
- contractors failing to meeting legal obligations such as minimum statutory pay and health and safety regulations
- the submission of false invoices
- collusion amongst bidders, to agree they will not bid competitively for a particular contract
- decision makers not fully disclosing personal interests or agreeing invoices should be paid when contractors have not provided goods or services to the required standard.

#### **Insurance claims**

Fraudulent insurance claims take place when people who may have been injured, for example by tripping on faulty pavements, make claims against the relevant Council. Some claims are justified but bogus or inflated claims are a major problem, nationally.

Currently these cases are highlighted by the use of the National Fraud Initiative data-matching that takes place every 2 years with the Audit Commission. However, if every case was considered from the outset at the time of reporting, this would reduce the impact of investigating possible fraudulent claims at a much later stage. Currently no investigations are undertaken on this area – therefore no estimates of fraud affecting the Council through Insurance Fraud are available.

The UK Insurance industry estimates that it loses more than £1.9 billion each year to this type of fraud, which inevitably means higher insurance premiums for businesses, public bodies and citizens.

#### **Abuse of Position**

These types of fraud involve employees. Local Authority staff are overwhelmingly honest; however there are a proportion of cases that have been reported to the Audit Commission indicating that financial misrepresentation and false accounting is at a higher risk during times of recession. These are as a result of weak internal controls and usually where individuals with key responsibilities work with little supervision.

## BROMSGROVE DISTRICT COUNCIL

### **AUDIT BOARD**

**13th December 2010**

---

It is noted by the Audit Commission that small local councils are at particular risk, as it can be difficult to separate duties where there are small numbers of staff. This type of fraud is highlighted, so that consideration can be given to the audit of processes ensuring that risks are reduced. Where risks are highlighted they should be included within the risk register and actioned accordingly.

#### **Blue Badge Fraud**

Whilst Bromsgrove Council is not directly responsible for this area (County Council have the responsibility for the issue and administration of Blue Badges), it does have an impact on the income of the Council from Car Parks.

The CAFT team are willing to work with County Council, for the benefit of all Councils, on this project, as we have an IT solution that may assist with the identification of fraudulent used/obtained Blue Badges, thereby improving the income to the local Council.

The Fraud Services Manager did attend a meeting with County Council on this topic in June 2009 where this issue was discussed. Formal invites to a further meeting were anticipated but to date no update has been received, and no response to contacts made.

#### **Survey and Whistle-blowing**

A Fraud Survey has been undertaken, providing a baseline of data, from which further annual surveys can be undertaken. It included elements of Whistle-blowing, in order to test knowledge and perception. The outcomes are shown at Appendix 2.

#### **4. KEY ISSUES**

- 4.1 To raise the knowledge and awareness of fraud potentially affecting the Council by undertaking Corporate Fraud Induction training with new employees (to start from January 2011)
- 4.2 To raise knowledge and awareness of fraud across the Council by undertaking e-learning on Corporate Fraud Awareness, for all staff. Timeframes are still not defined, but it is anticipated that this will come into place from April 2011.
- 4.3 To undertake the Audit Commission Self-Assessment Checklist to ensure sound governance and counter-fraud arrangements within the Council.
- 4.4 To obtain ongoing Council commitment to the fight against possible fraud and corruption

## BROMSGROVE DISTRICT COUNCIL

### **AUDIT BOARD**

**13th December 2010**

---

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 Details of investigations undertaken during 2009/10 are included at Appendix 3, along with an early indication of the first six months of 2010/11. It provides a baseline to establish current losses against the council, and revenue generated as a result.

CAFT have been subject to staffing resources during 2009/10 and the first part of 2010/11. This has been rectified but does mean that the additional officer (employed since June 2010) is currently undergoing training and is still within a probationary period of employment.

#### **6. LEGAL IMPLICATIONS**

- 6.1 Any Fraud against the Council, would be investigated using normal criminal investigative processes, and therefore potentially subject to prosecution under appropriate criminal legislation, such as the Fraud Act 2006. However, the use of data for internal or external data-matching needs to be considered under Data Protection and Data-Sharing principles, in addition to Fair Processing Notices.

With regard to Recruitment Fraud, successful applicants would need to be informed that their application will be vetted prior to the take up of employment. With the current Shared Services and Transformation agenda, it is difficult to get a commitment to take this work further. However, this will be picked up and followed through once processes (and teams) are in situ.

- 6.2 This report is exempt in accordance with Section 100 I of the Local Government Act 1972, as amended, because it contains information regarding the identification of, and possible avenues for the investigation of, fraud against the Council. For these reasons it is felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### **7. POLICY IMPLICATIONS**

- 7.1 The annual review of policies will continue to be updated in accordance with changes, and where these changes take place part way through the year, updated versions will be produced to the Audit Board for consideration.



**8. COUNCIL OBJECTIVES**

- 8.1 Improvement – by improving our processes in the way we highlight possible fraud against the Council, we are, by default, protecting the local taxpayer's money by minimising the potential financial loss. It will also improve processes undertaken by individual departments.

One Community – by showing our residents that we take this issue seriously, endeavouring to protect the finances of the Council, this should raise the public perception of how the Council is run for their benefit.

**9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS**

- 9.1 The main risks associated with the details included in this report are:

- Loss of income
- Protection of the public purse
- Loss of reputation

- 9.2 Currently the risks identified in the bullet points in 9.1 are addressed in the Corporate Resources and Financial Services risk register as follows:

- To undertake an annual survey of staff perceptions of fraud and how it is dealt with by the Council; to include Whistle-blowing
- To work with HR regarding employment fraud, to reduce the potential impact to the Council
- To undertake investigations into Single Person Discount Fraud; to maximise income to the Council and other interested parties
- To work with the procurement officer regarding contracts and procurement issues
- To ensure that Fair Processing Notices are included on all application forms where there is a financial advantage to the customer, thereby allowing the data-matching of data held both internally and externally.
- To work with the Audit Board to provide advice and guidance to the Board to raise awareness of fraud and how it impacts on the Council.

These will change from April 2011, as some of the work will become part of "normal requirements", such as the annual Fraud Survey.

**10. CUSTOMER IMPLICATIONS**

- 10.1 Additional information can be provided on the BDC website to inform external customers of how Bromsgrove Council takes a 'zero tolerance' stance against fraud. This information would also be reflected on the internal intranet for staff, with fraud newsletters also keeping staff informed of developments.

Employment Vetting processes would need to be included in HR documentation provided with application forms and successful applicant information.

**11. EQUALITIES AND DIVERSITY IMPLICATIONS**

- 11.1 Any fraud taking place that directly affects the Council will be investigated in line with nationally recognised investigative techniques, which are bound by relevant criminal legislation. Therefore there would be no implications on Equality and Diversity, as ALL customers (internal and external) are treated equally in accordance with the law.

**12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT**

- 12.1 In protecting the public purse the Authority will ensure that funds are utilised appropriately, demonstrating Value for Money.

This will need specific input from the Procurement Officer to ensure that procedures are in place, which conform with those needed by legislation and as indicated by the Office of Fair Trading.

**13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY**

- 13.1 N/A

**14. HUMAN RESOURCES IMPLICATIONS**

- 14.1 Procedures will need to be put in place, with closer working between HR and CAFT. Due to the investigative skills of CAFT, it is expected that CAFT would undertake the 'vetting' of applicants qualifications, previous employment and references, to ensure they meet criteria laid down.

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

**13th December 2010**

**15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS**

15.1 If all the issues included in this report were accepted, this would help to improve Governance of the Council, both internally and externally (e.g. during times of inspection)

**16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998**

16.1 NONE

**17. HEALTH INEQUALITIES IMPLICATIONS**

17.1 NONE

**18. LESSONS LEARNT**

18.1 NONE

**19. COMMUNITY AND STAKEHOLDER ENGAGEMENT**

19.1 NONE

**20. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	YES
Chief Executive	NO
Executive Director (S151 Officer)	YES
Executive Director – Leisure, Cultural, Environmental and Community Services	NO
Executive Director – Planning & Regeneration, Regulatory and Housing Services	NO
Director of Policy, Performance and Partnerships	NO
Head of Service	NO
Head of Resources	YES

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

**13th December 2010**

---

Head of Legal, Equalities & Democratic Services	NO
Corporate Procurement Team	NO

To be circulated for information at future CMT meeting.

**21. WARDS AFFECTED**

ALL WARDS

**22. APPENDICES**

Appendix 1     Audit Commission Self-Assessment Checklist  
Appendix 2     Fraud Survey 2010 - Results  
Appendix 3     Investigation Outcomes 2009/10 and first half of 2010/11

**23. BACKGROUND PAPERS**

NONE

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Appendix 1

Protecting the Public Purse - Checklist 2010				
General	Yes	No	2009 Action	2010 Update
1. Do we have a zero tolerance policy to Fraud?	Yes		inc in Corporate Fraud Policies	updated in 2010 Corporate Policies
2. Do we have an appropriate approach, counter-fraud strategies, policies and plans?	Yes		Corporate Fraud Policies	Corporate Fraud Policies
3. Do we have dedicated counter-fraud resources?	Yes		CAFT created from 4 May 2009	CAFT
4. Do the resources cover all activities of our organisation?	Yes		In theory	In theory - work in progress
5. Do we receive regular reports on fraud risks, plans and outcomes?	No		Protecting the Public Purse 2009 report taken to Audit Board June 2010	Protecting the Public Purse 2010 Report taken to Audit Board - to start inc Benefit & Corporate Fraud information from December 2010
6. Have we assessed our management of counter-fraud resources against good practice?	Yes		ongoing process	ongoing process
7. Do we raise awareness of fraud risks with:				
new staff (including agency staff)		No	no inductions	inductions to start December 2010
existing staff		No	no internal training	awaiting Corporate Training Plan - to include

elected members; and	Yes		via Audit Board (Protection of Public Purse Reports)	via Audit Board (Protection of Public Purse reports)
our contractors?		No	?	?
8. Do we work appropriately with national, regional and local networks and partnerships to ensure that we know about current fraud risks and issues?	Yes		Set up Worcestershire Fraud Forum - included National Fraud Authority. Benefits Fraud - work with DWP, LAI OG, LA's	Worcestershire Fraud Forum ongoing - inc National Fraud Authority - ongoing networking with DWP, LAIOG, LA's
9. Have we agreed to work with relevant organisations to ensure effective sharing of knowledge and data about fraud?	Yes		DWP and via Worcestershire Fraud Forum	DWP and via Worcestershire Fraud Forum
10. Do we identify areas where our internal controls may not be performing as well as intended?	Yes		via Internal Audit role	via Internal Audit role
11. Do we maximise the benefit of our participation in the Audit Commission NFI and receive reports on its outcomes?	Yes	No	BDC participate in biennial event. Reports have not been referred to Audit Board	BDC participate - Reports due to Audit Board December 2010.
12. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Yes		Policy updated, included in Fraud Newsletters, on ORB, Email Connects	Policy updated, included in Fraud Newsletters, on ORB, Email Connects
13. Do we have effective whistleblowing arrangements?	Yes		Policy updated, included in Fraud Newsletters, on ORB, Email Connects	Policy updated, included in Fraud Newsletters, on ORB, Email Connects
14. Do we have effective fidelity insurance arrangements?	Yes		Reviewed annually	Reviewed annually

Fighting fraud in the post-recession environment	Yes	No	2009 Action	2010 Update
15. Have we re-assessed our fraud risks in the light of the current financial climate?	Yes		Keep up to date with national developments	Keep up to date with national information and developments
16. Have we amended our counter-fraud action plan as a result?	Yes		annual review of Corporate Anti-Fraud Strategy	Annual review of Corporate Anti-Fraud Strategy completed June 2010
17. Have we reallocated staff as a result?		No	CAFT created from 4 May 2009	CAFT ongoing - no changes to structure
Current risks and issues	Yes	No	2009 Action	2010 Update
<b>Housing Tenancy</b>				
18. do we take effective action to ensure that social housing is allocated to only those who are eligible?			BDHT role	BDHT role
19. Do we ensure that social housing is occupied by those to whom it is allocated?			BDHT role	BDHT role
<b>Procurement</b>				
20. Are we satisfied that procurement controls are working as intended?			Yes	Yes – further training to be provided to staff
21. Have we reviewed our contract letting procedures since the investigations by the OFT into cartels and compared them with best practice?			Yes – reviewed Oct/Nov 2009	Yes
<b>Recruitment</b>				
22. Are we satisfied our recruitment procedures:				
prevent the employment of people working under false identities		No		*** please see notes below (a)

validate employment references effectively		Yes		*** please see notes below (b)
ensure applicants are eligible to work in the UK; and		No		*** please see notes below ©
ensure agencies supplying us with staff undertake the checks that we require?		Yes&No		*** please see notes below (d)
<b>Personal budgets</b>				
23. Where we are expanding the use of personal budgets for social care, in particular direct payments, have we introduced appropriate safeguarding arrangements proportionate to risk and in line with recommended good practice?	N/a	N/a	county council function	county council function
<b>Council Tax</b>				
24. Are we effectively controlling the discounts and allowances we give to council taxpayers?			Through National Fraud Initiative	Single Person Discount reviews done – no reviews on other discounts
<b>Housing and Council Tax Benefits</b>				
25. In tackling housing and council tax benefit fraud do we make full use of:				
the NFI	Yes		biennially	biennially
Department for Work and Pensions Housing Benefit Matching Service	Yes		monthly	monthly
internal data matching; and		No		
private sector data matching?	Yes	No	not during this year	Benefits being matched against CRA data - due from December 2010 - DWP initiative

DWP - Department for Work and Pensions



CRA - Credit Reference Agency, e.g. Experian

### **Recruitment Notes**

\*\*\* (a) – HR see evidence of National Insurance number and Identity document. However they have not had any document verification training to ensure that only original genuine documents are produced to them.

\*\*\* (b) – References are asked of all successful candidates, including casual workers. Written references are obtained from the information provided by candidates. HR also now ask for email addresses for referees. However, no checks are made that the referees exist or are who they say they are.

\*\*\* © - There is no written procedures for verifying eligibility to work in the UK. National insurance numbers and Identity documents are requested. The UKBA list of evidence requirements are included in the application packs and in the job offer letter. Interviewing officers check documents during the interview, but they are not copied. Only on the point of job offer are they requested again, and then copied.

\*\*\* (d) – Agency worker checks by the agency are taken on trust. Bromsgrove Council now use a Matrix system, for some agencies, but for those specialist roles where agencies are not prepared to sign up to Matrix, there is no system in place to ensure that agencies are making appropriate checks. No written procedure is held.

No checks of legitimate qualifications are made (where relevant to the job offer) – copies of certificates are taken as provided by the applicant.

No credit checks are made for those posts that involve high risk financial transactions, to minimise the potential for future fraud against the Council.

There is a Recruitment Policy which includes all of the above areas. HR are currently undergoing a Shared Service arrangement but the completion times are not yet known. The Fraud Services Manager has had a brief conversation with Becky Barr (HR Manager for Redditch) who confirms that discussions do need to take place once Shared Services is finalised. She is aware that there are areas that could be improved upon.

## Fraud Survey Responses – October 2010

### General Information

36% of staff have worked for the Council for less than 5 years

26% of staff have worked for the Council for more than 10 years

### Corporate Anti-Fraud and Corruption Strategy

Everyone knew there is a Strategy but 28% of people have not read it.

49% of people would contact CAFT if they came across a fraud

46% of people would contact their line manager, in the same circumstances

79% of people would contact CAFT if they felt it was necessary to take up the matter outside of their department.

8% said they would discuss with colleagues if they became concerned about the actions of a work colleague, councillor or contractor. (We do not recommend this)

92% would contact their Line Manager, in such cases

### Whistle-blowing Policy

Everyone knew that there is a Whistle-blowing Policy but 21% have not read it

28% thought that Whistle-blowing applies to members of staff only

### Declaration of Interests

13% of staff did not know that they needed to submit a declaration of interests if their work involved them dealing with a company or organisation that they already had involvement in, outside of work

### Gifts and Hospitality

69% stated they would refuse gifts or hospitality, if it was offered

31% would discuss the offer, with their Line Manager

8% did not know that they should register gifts or hospitality if received

## **Disciplinary Procedures**

67% did believe that our disciplinary procedures provided an effective deterrent to fraud and corruption

26% did NOT believe they provided an effective deterrent

6% were not familiar with procedures

3% assumes they are an effective deterrent

## **Codes of Conduct**

Everyone knew that both Employees and Members have a Code of Conduct

## **Fraud Newsletters**

90% of respondents read the Fraud Newsletters circulated by "Connect Email"

Of the 10% who don't, answers ranged from

- Time Pressures
- Amount of useless information circulated via Council Communications
- Fraud doesn't affect me
- It doesn't seem relevant to me
- If I am snowed under with work, most Connect emails are deleted without reading.

77% of staff read the Fraud Newsletters placed on Intranet

Of the 31% who don't read them via the Intranet:

- 36% stated time was an issue
- 9% were not aware of them
- 18% didn't think they were relevant to them
- 9% only read them when reminded to do so

77% of respondents do read the Fraud Newsletters placed on Notice Boards

Of the 23% who don't, answers ranged from:-

- sometimes
- if it catches my eye
- visual impairment makes it difficult
- no notice boards
- don't have reading glasses with me

Suggestions for the most effective method of circulating fraud awareness material ranged from:

- Email/Connect/ORB
- Surveys
- Physical Newsletters for staff without access to the email system
- Newspaper articles/Notice Boards/Posters
- Leaflets in customer service centre/ TV & Radio advertisements/ Prosecutions
- Induction & repeater training

### **How the service provided by CAFT was rated**

62% Good/Excellent

5% Acceptable

28% Never had contact with, or used, CAFT

6% unable to objectively comment

### **CAFT Plans resulting from feedback**

Induction training and Corporate Fraud Awareness training is under discussion with the HR team  
Fraud Newsletters will continue to be sent out to all staff via Connect Email, and all versions will be placed on the intranet

Information on Whistle-blowing to be provided via Newsletters

Information on Declaration of Interests will be provided via Newsletters

Managers will be asked to ensure that all staff not on email will have access to a paper copy of the newsletter

The Fraud Survey will take place annually, in order to gauge levels of knowledge and awareness of how fraud affects staff, both personally and whilst at work.

The results will be reported to the next Audit Board

In the next Fraud Newsletter, progress reports will be provided showing what actions have been taken.

To circulate an information leaflet with November 2010 next pay-slip.

## CAFT Outcomes for 2009/10 and 2010/11 (April to September)

	2009-2010	2010-2011 (April to Sept)
<b>Benefit Fraud</b>		
Number of referrals	231	155
Number of completed Investigations	211	75
Number of "Fraud Proved"	95	36
% Benefit Fraud proved	45%	48%
<b>Overpayments Raised</b>		
Housing Benefit	£99,730.32	£43,823.64
Council Tax Benefit	£33,093.50	£10,539.27
Single Person Discount	£1299.60	£0
DWP (other social security benefits)	Not recorded	£17,729.56
Total	£134,123.42	£72,092.47
<b>Subsidy Income re Benefit overpayments</b>	£185,953.34	£76,108.07
<b>Sanctions and Prosecutions</b>		
Benefit Formal Cautions	54	25
Benefit Administrative Penalties	21	0
Benefit Prosecutions	7	6
Single Person Discount – Formal Cautions	3	0
<b>Value of Administrative Penalties (income)</b>	£22,767.61	nil
<b>Corporate Fraud</b>		
Number of referrals	20	5
Number of completed investigations	20	4
Financial Savings to the Council	£1299.60	£30,000

<b>Types of Corporate Referrals</b>	17 x Single Person Discount	2 x Single Person Discount
	1 x Internal Staff	1 x Disability Facility Grant
	1 x Contractor issue	1 x Property lease enquiry
	1 x Whistleblowing	1 x external person using BDC address obtaining monies from resident
<b>Total Income/Revenue to Council</b>	<b>£210,020.55</b>	<b>£106,108.07</b>

### National Fraud Initiative 2009 Results (to date)

Benefit Referrals	612
Council Tax Referrals	1507
Payroll Referrals	27
Creditors Referrals	407
Insurance	1
Concessionary Fares	200
<b>Total</b>	<b>2754</b>
Overpayments Identified	<b><u>£47,377.33</u></b>
Number of cases where overpayment identified	176
Benefit Overpayments	£17,383.07
Council Tax Single Person Discount	£29,994.26
<b>6.4% error rate identified from total referrals</b>	