
ANTI-FRAUD & CORRUPTION ARRANGEMENTS

Purpose of Report

1. To review the Council's anti-fraud and corruption arrangements and recommend updates to the policy documents as necessary.

Background

2. The Council's anti-fraud & corruption arrangements were updated in 2005 and approved by Council (minute C48/Sept/05) They comprise an Anti-Fraud and Corruption Policy Statement and Strategy, Anti-Money Laundering Policy and a Housing Benefit/Council Tax Benefit Anti-Fraud Policy, Strategy and Sanctions Policy. The intention is to review these arrangements on an annual basis.

Information and Analysis -Corporate Arrangements

Publicity and Training

3. Since September 2005, the Authority's corporate anti-fraud and corruption arrangements have been further highlighted and communicated to staff. A fraud and corruption awareness training session was facilitated by a consultant from the CIPFA Better Governance Forum in May 2006 and was attended by over 100 relevant members of staff from across the Council and an article subsequently appeared in the Flyer in July 2006. In June 2006 a new folder on the intranet for anti-fraud and corruption was launched and publicised. In this area the relevant documents can be viewed together with practical guidance to prevent and identify fraud. The area has subsequently received over 1000 visits.
4. In order to keep updated with topical issues a member of staff from Audit Services has attended an informative conference on 'Managing the Risk of Fraud' organised by the National Forum for Risk Management in the Public Sector (ALARM) and a recent Business Crime Forum organised by the North East Fraud Forum (NEFF). This has assisted in this review of the Council's anti-fraud and corruption arrangements and the update of the documents.
5. In addition, work is taking place upon the implementation of learning management software to better record acceptance and understanding by employees and members of a range of corporate policies/processes and this will include the anti-fraud and corruption arrangements.

6. The documents are to be recommended to schools, with the expectation that they will be adopted. A governors and head teachers briefing session is to be held in the new year, prior to the documents being presented to each schools full governing body in the spring term, and the programme will be completed by Easter 2007. Schools are to be consulted on the most appropriate method of training delivery.

Reported suspected frauds

7. The following table shows potential frauds that have been notified by departments to Audit Services during 2006/07, together with a summary of current status/outcomes:

Table 1

Department	No of potential frauds investigated	Results of investigations
Community Services.	2	Loss of £200-offender not proven. 1 case referred back to management for possible disciplinary action
Development and Environment.	1	Loss of £780-offender not proven
Children's Services (schools).	2	1 suspected fraud- Member of staff resigned. 1 case where recommendations made to improve supervision and authorisation.

8. The number of reported incidents is low. The majority were identified by staff vigilance and through existing control mechanisms, and where necessary improvements in existing systems, have been made. However the Council is not complacent.

National Fraud Initiative (NFI)

9. The NFI is a data matching exercise coordinated by the Audit Commission and carried out every two years. The Council has participated since 1998. It involves the data matching of personal information within this authority and between authorities in order to detect fraud. The Audit Commission has reported the continuing success of this initiative with approximately £111 million reported in NFI 2004. For this authority the sole issue requiring formal investigation revealed by previous exercises has been the non-declaration of income by housing benefit applicants, however numbers of cases have been relatively small and have decreased further due to routine data matching between ourselves and other agencies.
10. Following consultation with the data subjects, the Council supplied the following mandatory datasets in October for NFI 2006, creditors, payroll and housing rents data together with optional datasets on blue badge disabled parking permits, market traders and taxi drivers. Housing Benefit data and Student Loan data will be supplied by the Department of Works & Pensions and by the Student Loan Company direct to the Audit Commission. The initial output of potential data matches will be supplied to the Council in late January/February 2007 and the results will be reported to the Audit Committee in due course.

Information and Analysis- Housing Benefit Arrangements

11. The Housing Benefits Section increased the amount of resources available at the start of 2006/07 and is currently delivering formal investigation training to 3 members of staff. The results have shown a substantial increase in performance, illustrated in Table 2, below. A total of 31 sanctions have been achieved in the period April to November 2006, including 6 recent prosecutions resulting in guilty verdicts at Bishop Auckland Magistrates Court. This compares with the total number of sanctions of 11 achieved for the whole of 2005/06.
12. Publicity regarding the successful outcomes and promoting the confidential fraud hotline appeared in the last edition of Housing 'Hot News'. Further articles are due to appear in other local publications in the New Year demonstrating the Council's commitment to eliminating benefit fraud.
13. Housing Benefit Sanctions issued since April 2006 are shown in Table 2, below

Type of Sanction	No
Formal Cautions	15
Administrative	10
Prosecutions (in progress)	6

Conclusion

14. The updated anti-fraud and corruption arrangements have been well communicated throughout the authority during the last year. There has been a relatively low level of suspected fraud reported by Departments and increased fraud investigation work by the Housing Benefits Section has proved successful. This suggests that the authority's existing anti-fraud and corruption arrangements continue to be effective, and only minor changes to the documents are recommended in order to keep them up to date.
15. No changes are recommended to the Anti-Fraud and Corruption Policy Statement and Strategy. Changes recommended to the Anti Money Laundering Policy simply reflect the handover nationally of money laundering investigation from the National Criminal Intelligence Service (NCIS) to the Serious Organised Crime Agency (SOCA). Some minor changes to the Housing Benefit documents are also recommended to reflect current terminology and methods of working.

Legal Implications

16. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

17. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendations

18. It is recommended that the updated Proceeds of Crime Act (Anti-Money Laundering) Policy at Appendix A and the Housing Benefit/Council Tax Anti-Fraud Policy, Strategy and Sanctions Policy at Appendices B C and D be approved.

Paul Wildsmith
Director of Corporate Services

Background Papers

No background papers were used in the preparation of the report

Paula Coxon: Extension 2104
TAB