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**REVIEW OF ANTI-FRAUD AND CORRUPTION ARRANGEMENTS**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To review the outcomes from the Council's corporate anti-fraud and corruption arrangements. A separate report specifically on the work of the Housing Benefits Enquiry Unit for the financial year 2013/14 is to be presented to the June 2014 Audit Committee.

**Summary**

2. The report details a positive position with regard to the updated fraud self assessment checklist documented in the 2013 Audit Commission publication 'Protecting the Public Purse'.
3. An assessment of the Councils' current arrangements mapped against the 2012 Local Government Fraud Strategy, 'Fighting Fraud Locally', also identifies overall a positive position in terms of compliance.
4. All the potential matches in the major risk data sets from the National Fraud Initiative (NFI) 2012 have or are to be investigated.
5. Overall the number of reported frauds and whistleblowing cases in the calendar year remains low.
6. It is concluded that the Council's anti fraud and corruption arrangements remain appropriate and fit for purpose when compared to national good practice guidance. However, the Council is not complacent and the position will continue to be kept under review.

**Recommendation**

7. It is recommended that the content of the report be noted.

**Reasons**

8. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Paul Wildsmith**  
**Director of Resources**

## Background Papers

- (i) Anti Fraud and Corruption Strategy
- (ii) Anti Fraud and Corruption Policy
- (iii) Fraud Response Plan
- (iv) Anti-Money Laundering Policy
- (v) Anti Bribery Policy and Procedures
- (vi) Audit Commission publication Protecting the Public Purse 2013

Brian McGuire: Extension 2142

S17 Crime and Disorder	Other than the reported frauds there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.

## MAIN REPORT

### Information and Analysis

#### Background

9. The Council's Anti Fraud and Corruption arrangements are subject to annual review to ensure that they remain appropriate. The last review was considered by this Committee in December 2012 (Minute A27/14Dec2012). This review included the completion of a checklist for those responsible for governance from the Audit Commission's 2012 publication 'Protecting the Public Purse'. The checklist depicted a generally positive position with work required to update whistleblowing arrangements and to examine emerging fraud risks in respect of for example Business Rates, Local Council Tax Support and the Social Fund.
10. A self assessment against the good practice checklist included in the 2013 Audit Commission publication 'Protecting the Public Purse' is attached at **Appendix A**. The checklist remains largely unchanged from that of 2012 with only one additional question that is highlighted in bold. Again a positive position is shown with further work continuing to be required to update whistleblowing arrangements.
11. In order to keep abreast of topical issues members of staff from Audit Services have attended informative workshops on 'What's New' in Fraud organised by the CIPFA Better Governance Forum as well as fraud workshops organised by Nat West in respect of banking, income and procurement fraud.
12. The content of the PwC Fraud Academy website continues to be regularly monitored in order to share good practice and to keep informed on current issues.
13. Fraud alerts continue to be received via the National Anti Fraud Network and, where appropriate, are circulated to relevant establishments including schools as a fraud prevention measure.
14. In addition, the Audit Commission's Annual Fraud Survey, which became a statutory requirement for local authorities in 2010, was completed and submitted online to meet Commission deadlines of June 2013. The overall results from this national survey were detailed in the 'Protecting the Public Purse' publication 2013. The publication outlined that in a time of austerity, preventing fraud becomes even more important. Every pound lost through fraud cannot be spent on providing services. It is vital that local government bodies have strong counter-fraud cultures and effective counter fraud arrangements.

#### Enhancements to Anti Fraud and Corruption Arrangements

15. Scheduled enhancements to the Councils Anti Fraud and Corruption arrangements in 2013 are as follows:-
  - (a) Audit Services is currently in the process of updating the intranet area relating to Fraud and Corruption matters with a view to making it more informative and easier to navigate. Once complete this will be the subject of a communications

announcement. In addition, a poster campaign is to take place across the Council to raise general awareness.

- (b) The government published in 2012 the Local Government Fraud Strategy, 'Fighting Fraud Locally'. The document is part of a wider collaboration on counter fraud and is the local authority contribution to the national fraud strategy – 'Fighting Fraud Together' – which encompasses both the public and private sectors response to fraud in the UK. The approach addresses the need for greater prevention and smarter enforcement and provides good practice guidance across a range of types of fraud. An exercise has been undertaken to map the good practices/actions identified in this publication against the Council's current practices to determine any appropriate improvement actions required. The results are attached at **Appendix B**. Overall a positive position is shown with several further actions to be taken around recruitment processes and data matching as well as an evaluation of several free fraud diagnostic tools.

### **Reported Suspected Frauds and Whistle Blowing Cases**

- 16. Three potential frauds were notified to Audit Services during 2013, in accordance with the requirements of the Council's Financial Procedure Rules, which are shown in **Appendix C**. One case was investigated and the outcome proved inconclusive, the other two cases remain ongoing.
- 17. A total of ten whistle blowing cases were also received during the year and were dealt with in accordance with the Council's Confidential Reporting Policy. A number of the cases were reported anonymously. Investigations in four cases identified no evidence to support the allegation of wrong doing, three cases are still under investigation and a further case is under investigation by the DWP. One case was proven and dealt with under the Council's disciplinary procedures.. One case was dealt with via other HR procedures. The number of whistle blowing cases received was similar to the previous calendar year (nine).

### **National Fraud Initiative (NFI)**

- 18. The 2012 NFI has commenced with various data downloads supplied to the Audit Commission in October 2012 for data matching to other authorities and government bodies. Data matches that required further investigation were supplied by the Audit Commission in late January 2013. In supplying these data matches, the Audit Commission categorise reports by the quality/certainty of the match (definitions attached at **Appendix D**) Within each report it is mandatory for the Council to investigate all Audit Commission recommended matches .Other matches may be examined at the Council's discretion given resource constraints and the perceived risk to each service area. All recommended matches are expected to have been dealt with by the end of December 2013. A schedule of the data sets matched as part of the exercise is attached at **Appendix D** together with details of the number of recommended matches identified. It should be noted that some data sets generate more than one report as they are matched in different ways against different sets of data for example Housing Benefits and Creditors.

## **Conclusion**

19. It is concluded that the Council's anti fraud and corruption arrangements remain appropriate and fit for purpose when compared to national good practice guidance. However, the Council is not complacent and the position will be kept under review. Overall the number of reported frauds and whistleblowing cases remains low.

## **Outcome of Consultation**

20. There was no formal consultation undertaken in production of this report.

**Checklist for those responsible for governance taken from 'Protecting the Public Purse 2013' Audit Commission Publication**

**Purpose** - To ensure the Council has sound governance and counter-fraud arrangements that are working as intended.

**Yes:** indicating that the area, factor, or consideration is in place together with supporting sample evidence

**No:** indicating that the area, factor or consideration is not in place together with a note associated with it that describes the action plan for bringing it to Yes

**Partial:** indicating a degree of partial compliance together with a note associated with it that describes the action plan for bringing it to Yes

	Category	Yes	No	Partial	Sample Evidence	Action	Officer responsible and timescale
<b>GENERAL</b>							
1	Do we have a zero tolerance policy towards fraud?	✓			Defined in Anti-Fraud and Corruption Strategy Anti-Fraud and Corruption Policy Fraud Response Plan Money Laundering Policy Anti Bribery Policy and Procedures		
2	Do we have the right approach and effective counter -fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	✓			See 1 above Completed checklist of best practice /recommendations within the Fighting Fraud Locally publication aligned to current Council practice	Completion of improvement action plan	
3	Do we have dedicated counter - fraud staff?	✓			See 4 below		

	Category	Yes	No	Partial	Sample Evidence	Action	Officer responsible and timescale
<b>GENERAL</b>							
4	Do counter-fraud staff review all the work of our organisation?	✓			Housing Benefit fraud investigation team. Counter fraud included in the work of Audit Services		
5	<b>Does a Councillor have portfolio responsibility for fighting fraud across the Council</b>	✓			Member portfolio holder for Efficiency and Resources ostensibly has responsibility for fighting fraud across the Council supported by the Audit Committee which has collective responsibility to approve and oversee the Anti-Fraud and Corruption Strategy and to oversee the implementation of the Confidential Reporting Strategy.		
6	Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	✓			Audit Committee receives regular reports including annual report on review of anti-fraud		

					& corruption arrangements		
7	Have we assessed our management of counter fraud work against good practice?	✓			Various professional publications e.g. Red Book II, 'Managing the risk of Business Fraud: A Practical guide', 'Protecting the Public Purse', National Fraud Strategy, Fighting Fraud Locally newsletters and publications		



	Category	Yes	No	Partial	Sample Evidence	Action	Officer responsible and timescale
<b>GENERAL</b>							
8	Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> <li>new staff (including agency)</li> <li>existing staff</li> <li>elected members</li> <li>our contractors</li> </ul>	✓			Induction process Team briefings Intranet Standard terms & conditions in contract documentation covering fraud & corruption, collusion, whistle blowing, Fraud Alerts.		
9	Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓			North East Fraud Forum/National Anti-Fraud Network/Better Governance Forum/CIPFA regional networks		
10	Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓			See 9 above PwC Fraud Academy website, NAFN, internal alerts to schools, other establishments, etc.		
11	Do we identify areas where our internal controls may not be performing as well as intended/ How quickly do we then take action?	✓			Reports of Internal Audit/External Audit/ Inspectorates and associated Improvement Action Plans		

	Category	Yes	No	Partial	Sample Evidence	Action	Officer responsible and timescale
<b>GENERAL</b>							
12	Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	✓			Reports to Audit Committee External Audit assessment of NFI performance		
13	Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓			Induction process Reporting form & guidance on the intranet, team briefings.		
14	Do we have effective arrangements for: <ul style="list-style-type: none"> <li>reporting fraud</li> <li>recording fraud</li> </ul>	✓			Dedicated hotline services available, advertised and used Number of cases reported to Audit Committee		
15	Do we have effective whistleblowing arrangements? In particular are staff: <ul style="list-style-type: none"> <li>Aware of our whistleblowing arrangements?</li> <li>Have confidence in the confidentiality of those arrangements?</li> <li>Confident that any</li> </ul>	✓			Arrangements are publicised on the Council's intranet and via posters on notice boards through the Council. The arrangements make it very clear that		

	concerns raised will be addressed?				disclosures will be dealt with in the strictest confidence. All cases of whistleblowing are investigated as a matter of procedure.		
16	Do we have effective fidelity insurance arrangements?	✓			Policy document Arrangements and cover reviewed at renewal		

	Category	Yes	No	Partial	Sample Evidence	Action	Officer responsible and timescale
<b>FIGHTING FRAUD WITH REDUCED RESOURCES</b>							
17	Have we reassessed our fraud risks since the change in the financial climate?	✓			Risk of fraud reflected in the Risk Register of Resources Group.		
18	Have we amended our counter-fraud action plan as a result?	✓			All key Corporate Audits including Housing Benefits, Local Taxation, Payroll, Housing, Creditors and Income will be covered during 2013/14.		
19	Have we reallocated staff as a result?	✓			Housing Benefit Fraud team resources reviewed and considered adequate. Audit Services resources kept under review in the light of the number of cases to investigate.		

<b>CURRENT RISK AND ISSUES</b>							
<b>Housing Tenancy</b>							
20	Do we take proper action to ensure that we only allocate social housing to those who are eligible?	✓			Choice Based Letting procedure in place i.e. standard application & allocation criteria and priority banding, ID, address and right to work checks etc., double check on information at point of offer, monitoring by homeless team,		
21	Do we ensure that social housing is occupied by those to whom it is allocated?	✓			Addressed via NFI, no issues identified. Reactive measures in place. Visit during first month of tenancy. Council publicity on how to report tenancy fraud and subletting.		
<b>Procurement</b>							
22	Are we satisfied our procurement controls are working as intended?	✓			Via internal audit work carried out by Darlington & Stockton External Audit. Managers Assurance Statements		

<b>CURRENT RISK AND ISSUES</b>							
<b>Procurement</b>							
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?	✓			Good practice guidance used to inform review of contract procedure rules and updates of associated documents		
<b>Recruitment</b>							
24	<p>Are we satisfied our recruitment procedures achieve the following:</p> <ul style="list-style-type: none"> <li>• Prevent us employing people working under false identities?</li> <li>• Confirm employment references effectively?</li> <li>• Ensure applicants are eligible to work in the UK?</li> <li>• Require agencies supplying us with staff to undertake the checks that we require?</li> </ul>	✓			Safe recruitment procedures. Contract monitoring arrangements. Internal audit work carried out by Stockton & Darlington.		

<b>CURRENT RISK AND ISSUES</b>							
<b>Personal Budgets</b>							
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?	✓			Validation Panel Awareness workshops with staff 12 weekly monitoring returns checked by Finance to ensure that direct payments are being used to meet assessed care needs. Liaison with Direct Payments Support Service and other external agencies as appropriate.		
26	Have we updated our whistleblowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?		✓		Confidential Reporting Policy provides the facility to report this issue as well as any other area of concern. However the policy is to be revamped to be more specific.	Update whistle blowing arrangements	Audit Manager /Legal Services Manager March 2014

<b>CURRENT RISK AND ISSUES</b>							
<b>Council Tax Discount</b>							
27	Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	✓			Discounts and exemptions are subject to a programme of reviews to ensure entitlements are not exceeded. Single person reviews have also been subject to an external targeted review across the authority and also form part of the NFI.		
<b>Housing and Council Tax Benefits</b>							
28	When we tackle housing and council tax benefit fraud do we make full use of the following: <ul style="list-style-type: none"> <li>National Fraud Initiative</li> <li>Department for Work and Pensions Housing Benefit matching service</li> <li>Internal data matching</li> <li>Private sector data matching</li> </ul>	✓			Participation in data matching e.g. NFI HBMS Dedicated Housing Benefit Fraud team in place Follow up of referrals made by the public Visiting regime in place		



<b>CURRENT RISK AND ISSUES</b>							
<b>Emerging Fraud Risks</b>							
27	Do we have appropriate and proportionate defences against emerging fraud risks: <ul style="list-style-type: none"> <li>• Business Rates</li> <li>• Right to Buy</li> <li>• Social Fund and Local Welfare Assistance</li> <li>• Local Council Tax Support</li> <li>• Schools</li> <li>• Grants</li> </ul>		✓			Currently in the process of re-evaluating risks, with a view to implementing appropriate controls at source in conjunction with operational management. All these areas are subject to Audit as part of the 2013/14 Audit Plan.	Audit Manager March 2014.

## Fighting Fraud Locally

### The Local Government Fraud Strategy

Fighting Fraud Locally is an approach developed by local government, for local government and addresses the need for greater prevention and smarter enforcement.

The document calls for the adoption of a tougher approach to tackle fraud against local authorities organised around the three themes of Acknowledge, Prevent and Pursue.

Acknowledge	Prevent	Pursue
Acknowledging and understanding fraud risks	Preventing and detecting more fraud	Being stronger in punishing fraud and recovering losses
<ul style="list-style-type: none"> <li>Assessing and understanding fraud risks</li> <li>Committing support and resource to tackling fraud</li> <li>Maintaining a robust anti fraud response</li> </ul>	<ul style="list-style-type: none"> <li>Making better use of information and technology</li> <li>Enhancing fraud controls and processes</li> <li>Developing a more effective anti fraud culture</li> </ul>	<ul style="list-style-type: none"> <li>Prioritising fraud recovery and the use of civil sanctions</li> <li>Developing capability and capacity to punish fraudsters</li> <li>Collaborating across local authorities and with law enforcement</li> </ul>

The document is divided into four sections:

1. **The Context** – sets out the nature and scale of fraud, the action being taken to reduce it and the key challenges that must be addressed by this strategy.
2. **The Strategic Approach** – highlighting areas where action is needed and identifying activities that must take place in order to achieve the strategic vision.
3. **Tackling the Main Fraud Risks** – identifies the most pressing and serious fraud risks and provides examples of how local authorities are tackling them.
4. **The Delivery Plan** – sets out the framework for delivery and programme of activity. (relates to a National Approach other than membership of NAFN).

Within each section are 'Actions for local authorities to consider' summarised below:

Section	Actions	Compliant Yes/No/Partial	Evidence/Actions Required
1. The Context	<ul style="list-style-type: none"> <li>Review new policies and initiatives where appropriate (or changes to existing policies and initiatives) to evaluate the risk of fraud and build in strong fraud prevention controls</li> </ul>	Yes	<p>Corporate Anti Fraud and Corruption Policy and Benefits Anti Fraud Policy and Strategy are reviewed annually to determine continued fitness for purpose.</p> <p>Audit Services are pro active in respect of new initiatives/developments within the Council and seek to introduce fraud prevention controls at source.</p> <p>In addition a comprehensive intranet site is maintained of all relevant policies, procedures, current issues, etc. in relation to fraud and corruption which is available to staff.</p>
	<ul style="list-style-type: none"> <li>Continually review system weaknesses and assess the effectiveness of controls in light of the evolving fraud threats across local government, making best use of shared information and intelligence on known fraud and fraudsters.</li> </ul>	Yes	<p>Undertaken on an on going basis through completion of the annual audit plan. When undertaking audits, use is made of intelligence sources such as NAFN, PwC Fraud Academy, CIPFA Better Governance Forum and CIPFA Information Service to provide information on controls, current developments on evolving threats etc.</p>

1. The Strategic Approach Part A 'Acknowledge'	<ul style="list-style-type: none"> <li>Conducting a fraud risk assessment to identify their own fraud threat and using the fraud loss tool to determine their likely fraud risk exposure</li> </ul>	Yes	Fraud risk assessments are undertaken as part of the audit process and feed into the overall Audit Risk Assessment for individual services which identifies the major risk areas which is used to inform the compilation of the audit work plan.
	<ul style="list-style-type: none"> <li>Performing a resilience check of their current capabilities and making use of the free resilience tool which can be accessed via the National Anti Fraud Network website</li> </ul>	Partial	In respect of Housing Benefits this is monitored by management and reviewed by Audit Services as part of the annual audit on the Benefits Investigation Service. Audit Services are to evaluate the NAFN resilience tool during the first half of 2014.
	<ul style="list-style-type: none"> <li>Keeping records of all suspected and confirmed fraud cases and reporting annually at an Audit Committee level or equivalent on all matters relating to fraud, including an assessment of the effectiveness of the Council's fraud response.</li> </ul>	Yes	All cases are recorded by Audit Services. An annual report is taken to the Audit Committee reviewing the Council's Anti Fraud and Corruption arrangements. A separate Annual report specifically on the work of the Housing Benefits Investigations Team is also presented to the committee for consideration.
	<ul style="list-style-type: none"> <li>Reviewing key systems that may be vulnerable to fraud and ensuring that key fraud risks are managed effectively.</li> </ul>	Yes	Key corporate systems are reviewed on an annual basis as part of the annual audit plan.
	<ul style="list-style-type: none"> <li>Developing a response plan aligned with their fraud risk and this strategy, accompanying guidance documents and checklist and reporting on this to senior management and relevant committees.</li> </ul>	Yes	See report to December 2013 Audit Committee on the Review of Anti-Fraud and Corruption Arrangements.

2. The Strategic Approach Part B 'Prevent'	<ul style="list-style-type: none"> <li>Deploying data analytic tools in their area of risk for the purpose of preventing and detecting fraud</li> </ul>	Yes	The service deploys IDEA tool (interactive Data and Analysis) for use in filtering large volumes of data looking for trends, duplicate transactions etc. as part of the audit process when required. This tool is also deployed through SBC Audit for examination of payroll and creditor data processed by Xentrall. In addition system based reporting tools are utilised in respect of the principal corporate systems to provide key reporting/filtering of data to assist in the detection of potentially suspect transactions etc.
	<ul style="list-style-type: none"> <li>Collaborating with NFI and NAFN to develop data warehouses for the purpose of data matching fraud prevention services across the Council.</li> </ul>	Partial	A new service known as Flexible Matching Service is currently being rolled out by the NFI. This allows matching (for a fee) to be undertaken outside the normal statutory bi annual National Fraud Initiative exercise. Examples being mortality matching where details of deceased person can be matched against blue badge/concessionary fares data and Student Loans data to Housing Benefits records and Single Person Data (Council Tax) to Electoral Role. It is expected the types of matching available will continue to increase and consideration is currently being given to the cost/benefits of utilising such services.
	<ul style="list-style-type: none"> <li>Developing a programme of activity to embed a strong anti-fraud culture across departments and delivery agents</li> </ul>	Yes	Undertaken through Benefits and Corporate Anti Fraud Newsletters to staff, promotion of the National Fraud Initiative, poster campaigns, use of online learning software to role out policies such as the Code of Conduct, use of the Council's intranet to provide staff with details of policies and procedures current developments, etc.
	<ul style="list-style-type: none"> <li>Using the Changing Organisational Cultures toolkit</li> </ul>	Partial	The benefits of this toolkit are to be evaluated by Audit Services during the first half of 2014.
	<ul style="list-style-type: none"> <li>Ensuring that staff and the public have access to a fraud and corruption whistle blowing helpline</li> </ul>	Yes	The Whistleblowing Policy is available on the Council's intranet for staff and details are posted on Council noticeboards throughout the organisation. A fraud hotline is

	and assure themselves that it conforms to the British Standard for whistle blowing arrangements.		maintained to accommodate both telephone and e mail communications. A separate Benefit fraud hotline is also maintained.
2. The Strategic Approach Part C 'Pursue'	<ul style="list-style-type: none"> <li>Ensuring that the Council has access to appropriate specialist investigative resource, including financial investigators and explore options on whether access to these services can be shared across other local authorities.</li> </ul>	Yes	Where necessary the Council has utilised the services of the Durham Constabulary financial investigators.
	<ul style="list-style-type: none"> <li>Making arrangements with other authorities or partners to ensure access to a financial investigator</li> </ul>	Yes	As above
	<ul style="list-style-type: none"> <li>Adopting a parallel sanctions policy for the purpose of taking disciplinary action, civil and criminal action against fraudsters and consider the use of fraud recovery for all instances of fraud.</li> </ul>	Yes	The Council maintains a policy of zero tolerance to fraud. In all cases Audit Services would review the case in conjunction with the Police to determine the most effective avenue of prosecution, recovery, sanction, etc.
	<ul style="list-style-type: none"> <li>Securing appropriate training for fraud practitioners in line with agreed professional standards for all types of investigations</li> </ul>	Partial	Housing Benefits investigators are Professional in Security (PINS) qualified. In respect of Audit Services, the role is more experienced based in this regard although specialist Better Governance Forum courses are attended as required to improve the skills set available. In addition Police advice/expertise is available for Audit Services to draw upon as required.
	<ul style="list-style-type: none"> <li>Only employing staff to undertake investigations that are suitably qualified and trained and adhere to a professional code</li> </ul>	Yes	As above.
	<ul style="list-style-type: none"> <li>Adopting a professional code using the codes held by the Institute of Counter Fraud</li> </ul>	Yes	The approach adopted covers the broad principles adopted by the Institute of Counter Fraud Specialists in their Code.

	Specialists as a basis.		
	<ul style="list-style-type: none"> <li>Working closely with local law enforcement agencies and putting in place locally agreed service level agreements where appropriate.</li> </ul>	Yes	Audit Services has a good working relationship with Durham Constabulary as evidenced in recent fraud investigations. It has not been considered necessary to date to formalise such arrangements.
Section 3 Tackling the main risks of Fraud	<ul style="list-style-type: none"> <li>Adopting best practice in staff vetting</li> </ul>	Partial	Vetting is undertaken in respect of potential new recruits to the Council including obtaining references, qualification checks, Disclosure and Barring Service checks. Audit Services are to discuss with HR whether there is any scope for further improvements to be made in the first quarter of 2014.
	<ul style="list-style-type: none"> <li>Consider membership to the CIFAS staff fraud database</li> </ul>	Partial	The database is a national scheme which organisations may subscribe to. It allows organisations within strictly defined parameters to record employees' details who have committed fraudulent activity against the organisation. Member organisations when vetting potential new employees may then utilise this database to ensure prospective employee is not recorded. Consideration is currently being given to the merits of the scheme linked to any future development work required in respect of staff vetting above.
	<ul style="list-style-type: none"> <li>Working in partnership with Registered Social Housing Providers to help them tackle fraud in social housing</li> </ul>	Yes	The Council participates in a Choice Based Lettings scheme administered throughout the Tess Valley Authorities whereby the majority of social landlords are signed up to and provides a database of information on tenants which is shared accordingly for the prevention of Fraud etc.
	<ul style="list-style-type: none"> <li>Adopting the good practice on tackling housing tenancy and council tax exemption fraud outlined in the NFA guidance</li> </ul>	Yes	Good practice is adopted including the used of data matching through the National Fraud Initiative and more targeting matching through Credit Rating Agencies, visits and inspections of properties, etc.

Section 4 The Delivery Plan	<ul style="list-style-type: none"> <li>Convening a high level oversight board, including the Local Government Association and other relevant bodies, and oversee the delivery of this strategy.</li> </ul>	n/a	Relates to a National Approach
	<ul style="list-style-type: none"> <li>Membership of NAFN</li> </ul>	Yes	The Council is a member of NAFN and uses its services extensively particularly in respect of Housing Benefit s and the dissemination of corporate fraud alerts to other areas of the organisation.
	<ul style="list-style-type: none"> <li>Local Authority representative groups to work with the NFA to promote the approach outlined in this strategy and encourage members to use the free tools and good practice bank.</li> </ul>	n/a	Relates to a National Approach



**Reported Potential Frauds Notified to Audit Services During 2013**

<b>Department</b>	<b>Number of potential frauds investigated</b>	<b>Comment</b>
People	1	Investigation of a potential fraudulent use of petty cash.  The results were inconclusive and no further action was taken
Place	2	Two investigations into potential income discrepancies within establishments. Both cases remain on going.

## National Fraud Initiative 2012

## Data Sets required by the Audit Commission

Data Sets	Recommended Matches
Payroll	20
Housing Rents	25
Creditors (including payment history and standing data for each supplier)	142
Transport Permits and Passes (blue badge permits, residents parking, concessionary travel).	570
Blue Badge Permits	596
Private Care Home Residents	3
Electoral Register/Council Tax	Extract not to be provided until Feb 14
Licences (Market traders, taxi driver, personal licences to supply alcohol)	0
Housing Benefit and Student Loan Data - supplied directly by the Department of Works and Pensions and the Student Loan Company	194
Insurance Claimant Data – supplied directly by the Council's insurers Zurich Municipal	2
<b>TOTAL</b>	<b>1552</b>

**Report Definitions:**

**High Quality Reports:** Both sides of the match share the same national insurance number, or same name, date of birth and address.

**Medium Quality Reports:** Elements such as the name and date of birth match but the address is different.

**Address Quality Reports:**

The address is the same but the other details are different.