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Counter Fraud

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www.cipfa.org/services/counter-fraud-centre



National picture

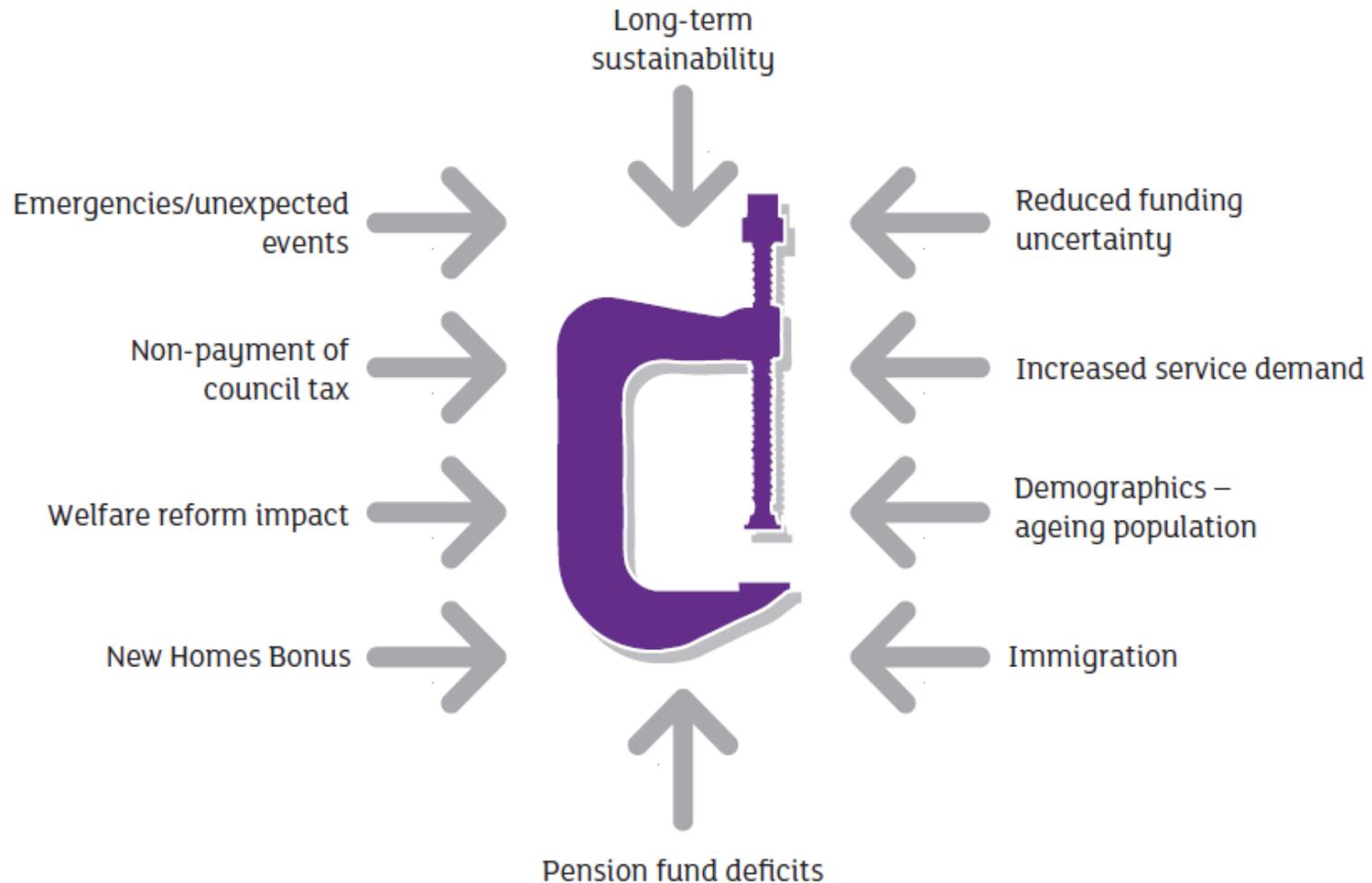
The fraud challenge

The survey findings

Response

National Picture

- Changing political landscape
- Overseas political change
- Challenging financial position within the public sector
- Broken Britain

Figure 2.1: Pressures on local authorities

Pinch Points

- Business rates
 - Social care
 - Housing
 - Council tax
 - Commercial growth
-
- And of course education



The Fraud Challenge



What is fraud ?

- Wrongful or criminal deception intended to result in financial or personal gain
- Fraud Act 2006 created a general offence of fraud:
 - fraud by false representation
 - fraud by failing to disclose information (where there is a legal duty to disclose)
 - fraud by abuse of position of trust

Fraud Risks

Tenancy

Procurement

Payroll

Council tax

Blue Badge

Grants

Pensions

Schools

Personal budgets

Internal fraud

Identity fraud

Emerging/Increasing Fraud Risks

Business rates

Right to buy

Money laundering

Insurance fraud

Commissioning
services

Local enterprise
partnerships

Cyber

Looking at the findings of the CIPFA Fraud and Corruption Tracker Survey



The Fraud Challenge 2016 – CFaCT

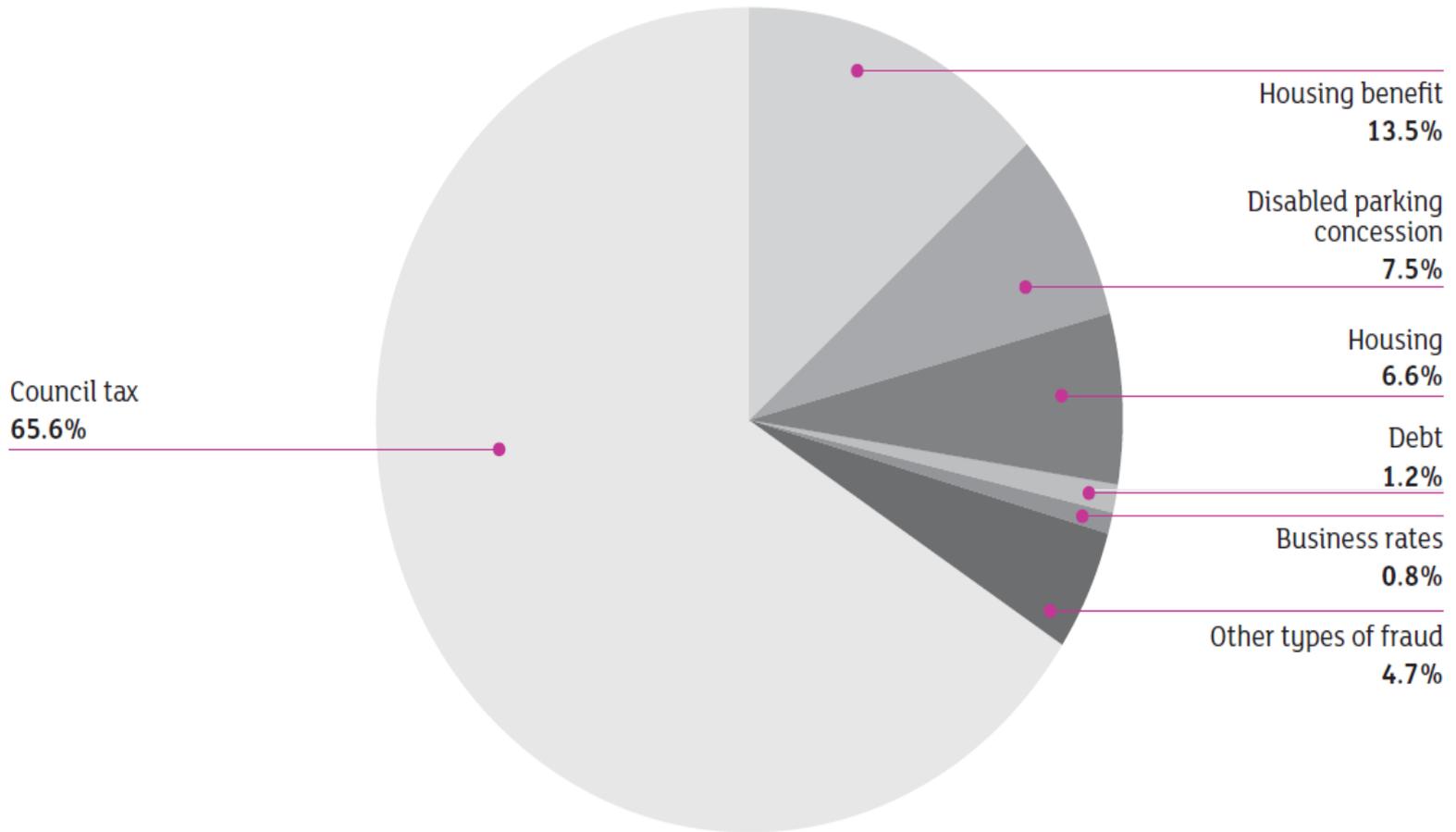
Types of Fraud	Value of cases
Housing and tenancy fraud	£207.9m
Housing benefit	£40.5m
Other types of fraud*	£40.7
Council tax*	£24.1m
Blue Badge (disabled parking)	£3.0m

Types of Fraud	Value of cases
Council tax – SPD	£15.6m
Council tax – CTR	£7.1m
Council tax – Other	£1.4m

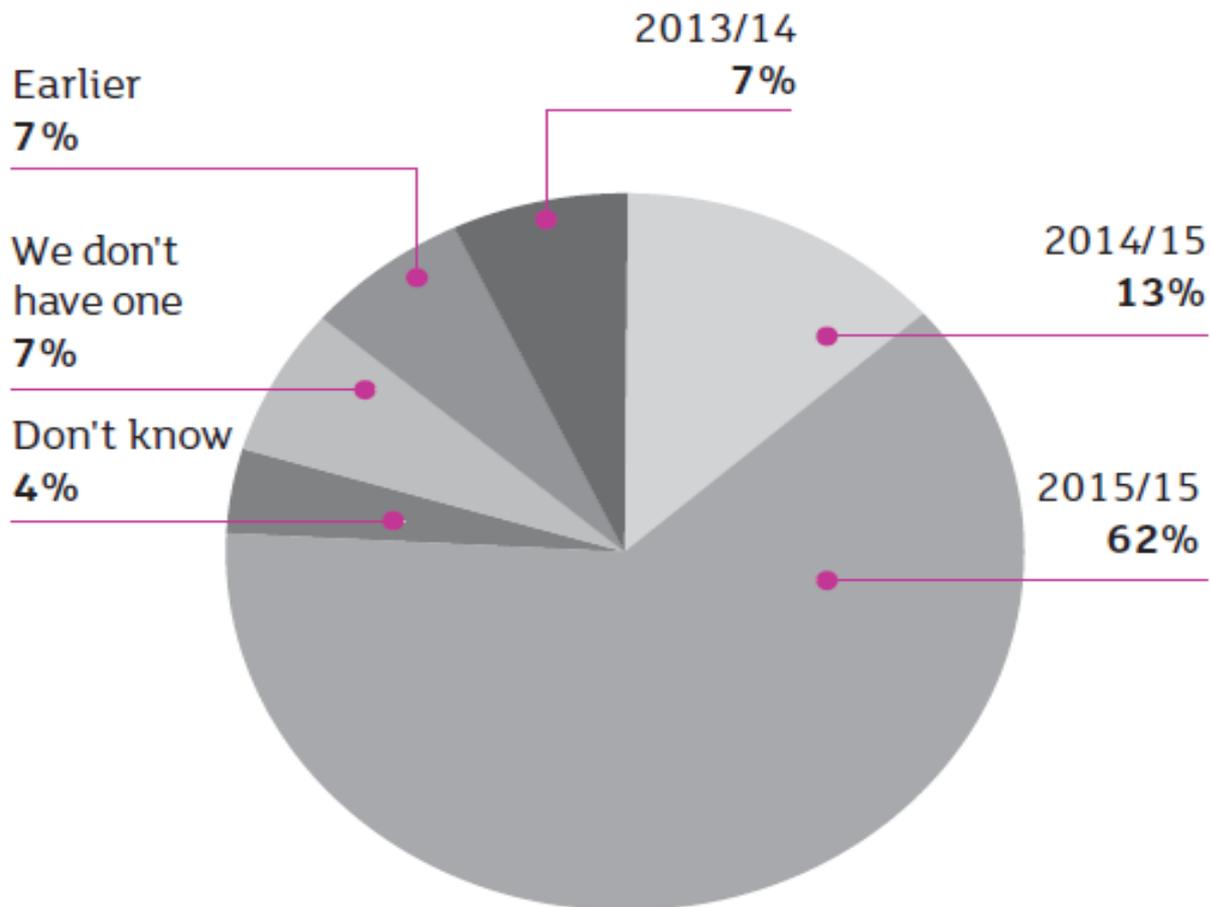
As with the 2014/15 survey, the biggest issues in countering fraud remain the same:

- having the capacity to identify fraud risk and investigate allegations
- having effective fraud risk assessment and management
- barriers to data sharing.

Detected fraud type by volume



When did you last have your counter fraud and corruption plan approved by your organisation?



353:

the number of procurement fraud cases reported in 2015/16 – five times more than the previous year.

Recommendations

- Fraud assessments carried out regularly
- Assessment of current arrangements
- Local authorities should have a standard methodology for measuring
- Investigate fraud even without a financial impact
- Joint working
- Increased awareness on procurement fraud
- Fit for purpose insurance claim processes

Methodology and Statistical data

- Recognition of the challenges with gathering data in this field
- Other fraud surveys
- Next year's survey

The Response



The Strategic Response

The Principles - Acknowledge, Prevent and Pursue



CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

- Published in October 2014, it sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.
- Applicable to all public services organisations, the five key principles are to:
 - **acknowledge the responsibility of the governing body for countering fraud and corruption**
 - **identify the fraud and corruption risks**
 - **develop an appropriate counter fraud and corruption strategy**
 - **provide resources to implement the strategy**
 - **take action in response to fraud and corruption**

Recognising fraud is only part of the problem

Addressing the issue can be a bigger challenge

Top tips

- know who you are employing
- know your finances
- effective internal controls*
- effective anti-fraud and corruption policies and procedures
- don't underestimate the power of whistleblowing
- keep up to date with alerts and fraud news

DON'T ignore the dangers and pitfalls

Top tips

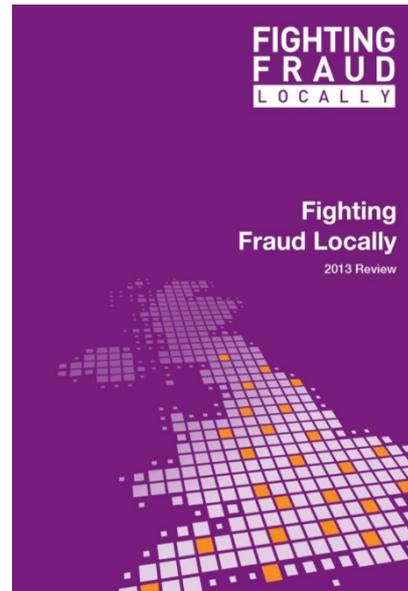
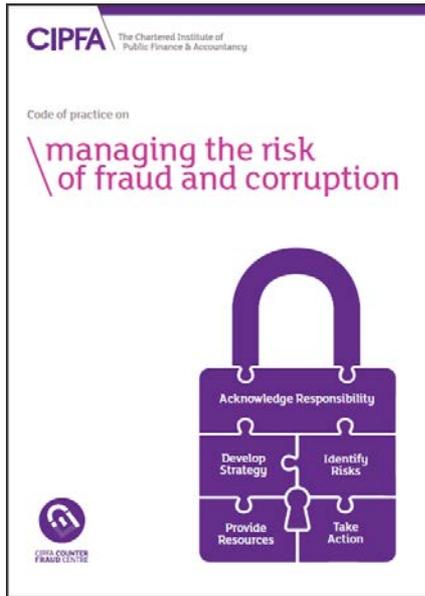
- 'head in the sand'
- too trusting of individuals
- lax attitude to controls
- staffing issues
- ignoring the fraud indicators
- 'we've never had any problems in the past'

* Includes segregation of duties, clear lines of authority, physical safeguards on tangible assets, authorisation and approval on orders and payment of invoices and appropriate training for staff.

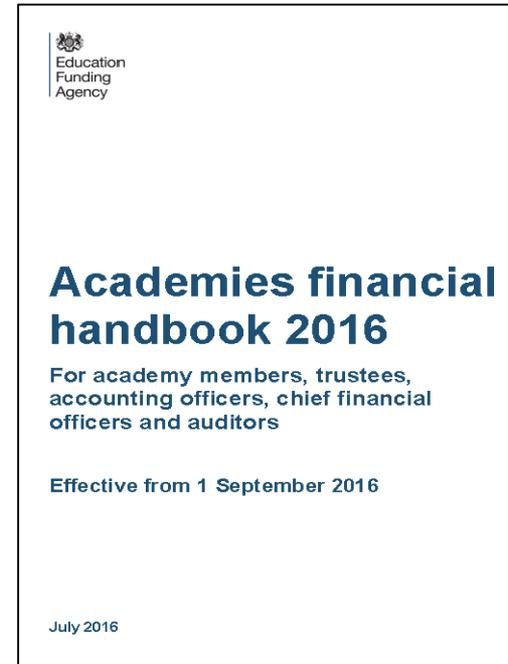
CIPFA Counter Fraud Centre

- We lead and co-ordinate the fight against fraud and corruption across local and central government, the health, education and charity sectors. We are committed to helping you:
 - prevent, detect and recover financial loss
 - protect your organisation's reputation
 - develop your team's counter fraud skills

Support



School Fraud risk
health check



CIPFA Accredited Counter Fraud Specialist (ACFS) Qualification

<http://www.cipfa.org/services/counter-fraud-centre>

Managing the risk of fraud and corruption

Fighting Fraud & Corruption LOCALLY

2016-19 Checklist

A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. It should aim to create a transparent process and report the results to the corporate management team and those charged with governance.

You are encouraged to use this checklist to measure your counter fraud and corruption culture and response.

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and 2017 objectives.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.



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THANK YOU