

# Fighting Fraud Checklist for Governance

Protecting the public purse 2014

October 2014

i) General		Yes	No
1. Do we have a zero tolerance policy towards fraud?		✓	
Internal Audit will investigate all allegations of fraud received. Where there is sufficient evidence we involve the Police.			
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?		✓	
Our Strategy is reviewed regularly against best practice			
3. Do we have dedicated counter-fraud staff?		✓	
A Corporate Fraud team has been set up with money from the Government's Counter Fraud fund. This team is funded until 31/3/16. There is also a dedicated Housing Benefit Fraud team. Staff from this team will transfer to the DWP with effect from 31/3/16			
4. Do counter-fraud staff review all the work of our organisation?		✓	
The team will respond to allegations of fraud from across the whole of the Council. The proactive work carried out by the team is risk-based.			
5. Does a councillor have portfolio responsibility for fighting fraud across the council?			✓
The Council Leader is Cabinet member for Internal Audit. The Head of Internal Audit reports functionally to the Audit Committee and meets regularly with the Chair. The Audit Committee has the responsibility for assurance over counter fraud arrangements within the Council. Standards Committee 'own' the Whistleblowing Policy and receive regular reports from the Head of Internal Audit. However, no one councillor has the portfolio responsibility for fighting fraud.			
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?		✓	
Updates regarding Whistleblowing are produced for each Standards Committee. An annual Strategic Fraud update is produced for Audit Committee. Reports on progress against the audit plan are also produced for each Audit Committee meeting.			
7. Have we received the latest Audit Commission fraud briefing presentation from our external auditor?		✓	
The latest of these was presented at the April 2015 meeting			
8. Have we assessed our management of counter-fraud work against good practice?		✓	
We have reviewed the Council's whistleblowing arrangements against the British Standard. During 2014/15 we carried out a policy review looking at the compatibility and consistency of the Council's whistleblowing policy, disciplinary procedure and fraud response plan. The Council is a member of NAFN (National Anti-Fraud Network) and receive regular updates on best practice, legislation etc. We also share best practice through the West of England Chief Auditors' Fraud sub-group. Actions arising through these reviews will form an action plan to improve the current ant-fraud arrangements within the Council.			
9. Do we raise awareness of fraud risks with:			
• new staff (including agency staff)?			x
Fraud awareness is not included on the council's induction.			
• existing staff?		✓	
Fraud and Information Governance Bulletins are issued to all staff via the Council's Newsround communication. An on-line fraud awareness module is available on the Learning Zone. Fraud Awareness sessions have taken place in some of the high fraud risk areas (e.g. direct payments) and more are planned.			

• elected members?	✓	
The Fraud and Information Governance bulletin is made available in the Members' room, presented to Audit Committee members and referred to in the Members Bulletin. However, more awareness work is required.		
• our contractors?		x
10. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓	
The Council is a member of NAFN who issue regular updates. We also share best practice through the West of England Chief Auditors' Fraud sub-group.		
11. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓	
Through NAFN and the West of England Fraud Group we share knowledge and data re. fraudsters		
12. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	✓	
We carry out a number of proactive anti-fraud audits that look to identify weaknesses in control. Any other audits consider the possibility of a failure of control leading to fraud.		
13. Do we maximise the benefit of our participation in the Audit Commission National Fraud Initiative and receive reports on our outcomes?	✓	
Internal Audit co-ordinate the collation of data for submission to the NFI. Internal Audit also receive the list of potential frauds and either investigate these or distribute to relevant sections i.e. HB Fraud team.		
14. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓	
The Council does have a Money laundering Policy in place. This is currently being reviewed.		
15. Do we have effective arrangements for:		
• reporting fraud?	✓	
The Council has an Anti-Fraud and Bribery Strategy that includes a Whistleblowing Policy and Fraud Response plan. All Fraud should be reported to the Head of Internal Audit.		
• recording fraud?	✓	
Internal audit keep a record of all fraud reported to them.		
16. Do we have effective whistle-blowing arrangements? In particular are staff:		
• aware of our whistle-blowing arrangements?	✓	
The Whistleblowing Policy is available to staff on the Council's intranet site. Awareness of the Policy is raised through Core Briefs at least annually. Posters are also up on key site of the Council displaying the relevant contact number and details of Public Concern at Work's number.		
• confident in the confidentiality of those arrangements?	✓	
Unable to provide specific current evidence regarding this other than that we have had no adverse comments. This was a question on the staff survey a number of years ago and which provided a positive response		
• confident that any concerns raised will be addressed?	✓	
As above.		
17. Do we have effective fidelity insurance arrangements?		
Fidelity insurance of £5m for all employees and £15m for six designated officers.	✓	
<b>ii) Fighting fraud with reduced resources</b>		

18. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud, once SFIS has been fully implemented?		
All of the Council HB Fraud staff are being transferred to the DWP SFIS. Internal Audit has in the past carried out all corporate fraud investigations within the Council. The Council has recently set up a Corporate Fraud team through funding received from the DCLG (see below). At this stage we are unsure of the demand for resources, the success of the team and whether funding will be available through either the DCLG or through the Council.	✓	x
19. Did we apply for a share of the £16 million challenge funding from DCLG to support councils in tackling non-benefit frauds after the SFIS is in place?	✓	
Yes, we submitted a successful bid for £90,516.		
20. If successful, are we using the money effectively?	✓	
Yes, we have appointed two counter fraud staff		
<b>iii) Current risks and issues</b>		
<b>Housing tenancy</b>		
21. Do we take proper action to ensure that we only allocate social housing to those who are eligible?		
Checks are carried out prior to allocation of social housing. We are looking to improve the process by introducing Trust ID that will allow us to verify the authenticity of passports.	✓	
22. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?		
Tenancy checks are carried out. The new Counter Fraud team are working with Housing to develop a better process re. the identification of potential fraud in this area.	✓	
<b>Procurement</b>		
23. Are we satisfied our procurement controls are working as intended?		
Procurement controls appear to be adequate.	✓	
24. Have we reviewed our contract letting procedures in line with best practice?		
Unsure of what best practice is being referred to but reviews of procurement arrangements are undertaken.	✓	
<b>Recruitment</b>		
25. Are we satisfied our recruitment procedures that:		
<ul style="list-style-type: none"> <li>prevent us employing people working under false identities?</li> </ul>		x
Copies of relevant documentation are required to evidence right to work in the UK but identification of possible fraudulent documents is the responsibility of individual managers who have received little or no training. Introduction of the Trust ID system will improve this area of control.		
<ul style="list-style-type: none"> <li>confirm employment references effectively?</li> </ul>	✓	
Completed by HR		
<ul style="list-style-type: none"> <li>ensure applicants are eligible to work in the UK?</li> </ul>		x
See comment above re. false identities.		
<ul style="list-style-type: none"> <li>require agencies supplying us with staff to undertake the checks that we require?</li> </ul>	✓	
Yes		
<b>Personal budgets</b>		
26. 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?		
The Direct payments process has been reviewed by Internal Audit and appropriate recommendations have been made.		

27. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?		
Included in latest revised policy going to Standards Committee in July 2015 for approval.	✓	
<b>Council tax discount</b>		
28. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?		
Internal Audit has reviewed this area and made appropriate recommendations.	✓	
<b>Housing benefit</b>		
29. When we tackle housing benefit fraud do we make full use of:		
• The National Fraud Initiative?	✓	
• The Department for Work and Pensions Housing Benefit matching service?	✓	
• internal data matching?	✓	
• private sector data matching?	✓	
Housing benefit Fraud is dealt with by a dedicated HB Fraud team. They will transfer to the DWP under SFIS on 31 <sup>st</sup> March 2015.		
<b>iv) Other fraud risks</b>		
30. Do we have appropriate and proportionate defences against the following fraud risks:		
• business rates?		
The Council has Visiting Officers who check properties for indication of a business operating undeclared.	✓	
• Right to Buy?		
We are improving this process. The Corporate Counter fraud team are now involved in the vetting process and have already identified a number of concerns.	✓	
• council tax reduction?		
Council tax reduction is currently investigated by the HB Fraud team. Arrangements for after that date have yet to be agreed.	✓	
• schools?		
Internal Audit carry out fraud investigations at maintained schools. Fraud (Awareness) Bulletins are made available to schools. More work required in this area. Academies are outside SBC jurisdiction.		x
• grants?		
The level of grants has reduced significantly over recent years. Improved processes regarding the use of grant funding are being introduced by the Localities team.	✓	

Source: Audit Commission (2014)

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