

**GOVERNANCE COMMITTEE**

**23 JUNE 2014**

**REPORT OF HEAD OF WELLAND INTERNAL AUDIT CONSORTIUM**

**FRAUD LOG – FRAUD REPORT FOR 2013/14**

**1.0 PURPOSE OF REPORT**

- 1.1 To update Members on the impact of fraud on the Council in 2013/14; on the arrangements for reporting and investigating fraud; and on the impact of changes coming into effect in 2014/15. One of the responsibilities of the Council's "Audit Committee" is to have oversight of the Council's counter-fraud arrangements.

**2.0 RECOMMENDATIONS**

- 2.1 That Members note the report.

**3.0 FRAUD REPORTING**

- 3.1 The Council's Counter Fraud Strategy requires that the Head of Consortium maintain a log of (non-benefit) frauds identified by the Council's Officers. In 2013/14 a single fraud, involving the submission of fraudulent invoices to the value of £205,000 was identified. Members have received briefings on the fraud and subsequent investigations. A review by external audit of the creditors system previously approved by this committee is currently being scheduled and it is intended the outcome will be reported to the September meeting of this committee along with a presentation on an Audit Commission fraud briefing.
- 3.2 The Council currently has specific resources – in the person of the Benefits Investigation Officer – to investigate suspected benefit fraud. Reporting requirements for benefit fraud reflect the requirements of the DWP. In 2013/14 the Council reported that eight cases of benefit fraud were detected with a total value of £23,225 and that there were six prosecutions resulting in guilty outcomes during the year. In total, 37 formal investigations were authorised during the year after an established process was followed to review each case of suspected abuse identified by or reported to the Benefits Team.

**4.0 FRAUD INVESTIGATION ARRANGEMENTS**

- 4.1 The Counter-Fraud Strategy identifies the Consortium as the body normally charged with the investigation of suspected non-benefit fraud – although where there is clear evidence of major fraud the police would always be notified without delay. The Strategy specifies that the Benefits Investigation Officer should lead on the investigation of benefit fraud.
- 4.2 The introduction of the Single Fraud Investigation Service – and the proposed transfer of the Benefits Investigation Officer. – means that the Council will lose that source of expertise. In addition changes to the benefits regime means that the Council will remain responsible for the investigation of suspected fraud relating to Council Tax Support and Discretionary Payments. The Consortium lacks the specialist knowledge and expertise to undertake such investigations and there are specific issues to be resolved about the powers required by and available to investigators following the departure of the Benefits Investigation Officer. Officers are currently investigating options available to the Council.

**5.0 POLICY AND CORPORATE IMPLICATIONS**

5.1 Officers will need to bring forward proposals for the future delivery of fraud investigations later in the year.

6.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

6.1 There are no financial or other resource implications arising directly from this report.

7.0 **LEGAL IMPLICATIONS/POWERS**

7.1 There are no legal implications arising directly from this report

8.0 **COMMUNITY SAFETY**

8.1 There are no Community Safety implications arising directly from this report

9.0 **EQUALITIES**

9.1 There are no Equalities implications arising directly from this report

10.0 **RISKS**

10.1 If Members do not demonstrate oversight of the Council's counter-fraud activities, the Council's overall governance arrangements might be compromised

Probability					
Very High A					
High B					
Significant C					
Low D					
Very Low E		1			
Almost Impossible F					
		IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic
		<b>Impact</b>			

Risk No.	Description
1	Failure of oversight.

11.0 **CLIMATE CHANGE**

11.1 There are no Climate Change implications arising directly from this report

12.0 **CONSULTATION**

12.1 N/A

## 13.0 **WARDS AFFECTED**

13.1 All wards are indirectly affected by the report

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Date:                    31/5/14

Appendices :            0

Background Papers:    N/A

Reference :              N/A