

## **CIPFA Fraud and Corruption Tracker 2015**

### **SUMMARY**

- 1.1 This report provides members with a synopsis of the Chartered Institute of Public Finance & Accountancy (CIPFA) Counter Fraud Centre's Fraud and Corruption Tracker 2015 national report on fraud in local government which reflects the results of its annual fraud survey.

### **RECOMMENDATION**

- 2.1 Tonote the report.

### **REASONS FOR RECOMMENDATION**

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

### **SUPPORTING INFORMATION**

- 4.1 On 4 April 2016, CIPFA published its first national report on fraud, "Fraud and Corruption Tracker 2015" (FCT). The national report describes the latest developments in fraud detection and prevention during 2015/16. The Council's submission to the fraud survey was reported to Committee in July 2015 as part of the Governance Update report.
- 4.2 This is the first year in which CIPFA has published this report as it has recently developed its Counter Fraud Centre following the abolition of the Audit Commission. This report was due to be issued in Autumn 2015.

- 4.3 As with the Protecting the English Public Purse report (PEPP) produced by The European Institute for Combatting Corruption And Fraud (TEICCAF), the Audit Commission mandate was not available to require the submission of data, and the published report acknowledges that it did not achieve a 100% return rate. All results should therefore be read in the knowledge that only 55.4% of Unitary authorities, 63.9% of Metropolitan authorities, 70.4% of Counties and 23.4% of Districts contributed data to the survey, with the East Midlands having the lowest participation rate. Only in London was there a 100% completion rate. Data was not extrapolated as it was considered to be potentially inaccurate due to geographic bias.
- 4.4 As both the CIPFA and PEPP reports covered similar topics, a comparison between the results of both reports was carried out but was inconclusive due to the different categories reported upon, the different groupings applied and the differences caused by having less than 100% of all authorities take part. The results of this survey gave the following totals – the report states that a national estimate has been provided where possible but does not specify which fraud types have been extrapolated and which have not.
- 4.5 The three most significant issues to be addressed were given as:
- Capacity (sufficient counter fraud resource)
  - Effective fraud risk management
  - Better data sharing
- 4.6 Over 100 different types of emerging threats were identified with the most common recurring themes being:
- Procurement fraud
  - Organisational change leading to fraud risks
  - Personal budgets and direct payments
  - Housing tenancy fraud
  - Cyber and e-enabled fraud.
- 4.7 The results of the survey were as follows:-

Type of fraud	Number	% of the total	Value £m
Council Tax SPD	30,184	52.7%	£10.7
Housing benefit	12,989	22.7%	£56.9
Council Tax CTR	4,142	7.2%	£2.0
Housing and tenancy fraud	3,002	5.2%	£77.5
Blue badge fraud	2,545	4.4%	£1.0
Council tax other	1,556	2.7%	£1.4
Debt	997	1.7%	£0.5
Social care	287	0.5%	£2.0
Abuse of position	155	0.27%	£2.0
Payroll	137	0.24%	£0.3
Insurance	133	0.23%	£2.6
Welfare assistance	104	0.18%	£1.6
Business rates	102	0.18%	£0.8
Procurement	60	0.10%	£2.2
Recruitment	58	0.10%	£0.2
Expenses	56	0.10%	£0.1
Economic & voluntary sector	28	0.05%	£1.1
Manipulation of data	24	0.04%	n/a
Pensions	20	0.03%	£0.2
Investments	11	0.02%	£nil
Other	654	1.14%	£7.8

## OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	n/a n/a n/a n/a n/a Chief Officer Group
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Richard Boneham, Head of Governance and Assurance, 01332 643280 <a href="mailto:richard.boneham@derby.gov.uk">richard.boneham@derby.gov.uk</a> None Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 None directly arising.

**Legal**

2.1 None directly arising

**Personnel**

3.1 None directly arising

**IT**

4.1 None directly arising

**Equalities Impact**

5.1 None directly arising

**Health and Safety**

6.1 None directly arising

**Environmental Sustainability**

7.1 None directly arising

**Property and Asset Management**

8.1 None directly arising

**Risk Management**

9.1 None directly arising.

**Corporate objectives and priorities for change**

10.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.