

Protecting the Public Purse 2013

SUMMARY

- 1.1 This report provides members with a synopsis of the Audit Commission's latest national report on fraud in local government and the updated checklist for those responsible for governance, to reflect the results of its annual fraud survey.

RECOMMENDATIONS

- 2.1 To note the Audit Commission report.
- 2.2 To recommend that Council establishes the position of an Anti-Fraud Champion with responsibility for monitoring and reviewing the Council's anti-fraud and corruption measures.
- 2.3 To recommend to Council that, subject to approval of recommendation 2.2, the Chair of the Audit and Accounts Committee be appointed as the Council's Anti-Fraud Champion.

REASONS FOR RECOMMENDATIONS

- 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 14 November 2013, the Audit Commission published its latest national report on fraud, "Protecting the Public Purse 2013". The national report describes the latest developments in fraud detection and prevention since its last publication in 2012 and includes the findings of the Audit Commission's recent fraud survey. The Council's submission to the fraud survey was reported to Committee in June 2013.

- 4.2 This is the first year the Commission have required local authorities to separately identify detected frauds against schools in its annual survey. Data was however, only collected on maintained schools (free schools, foundations and academies are outside the Commission's remit). Nationally, Councils reported 191 cases of fraud in schools with a total worth of £2.3 million, 86 cases of which (with a value of £1.9 million) involved internal fraud.
- 4.3 Although the average value of a detected fraud has increased by 15 per cent in 2012/13, the total number of detected cases has fallen by 14 per cent.
- 4.4 The Commission also noted regional variations in fraud detection. It states that *"In 2012/13, significantly lower levels of fraud detection were witnessed in most regions outside London, compared with the previous year. The falls in detection ranged from 6 per cent to 46 per cent. However, London boroughs increased both the number and value of frauds detected by 36 per cent. One of the striking findings of the survey of local authorities was that 79 district councils detected no non-benefit fraud at all."*
- 4.5 The Commission highlights that greater attention is being given to tackling social housing fraud, such as illegal sub-letting of council homes for profit. The government estimates that such fraud against councils costs the public purse the equivalent of £845 million per year, which the Audit Commission has calculated to be nearly three times the annual loss to housing benefit fraud. The report states that nationally, Councils have recovered 2,642 homes from tenancy fraudsters in the last year.
- 4.6 As with previous versions of "Protecting the Public Purse", the Audit Commission has produced a checklist for those charged with governance. A completed checklist is attached at Appendix 3.
- 4.7 The Audit Commission believes that it is fundamental for local authorities to establish a robust, accepted, counter-fraud culture and that Councillors have an important role to play in this. One of the questions in the checklist is "Does a councillor have portfolio responsibility for fighting fraud across the Council"? Currently such a responsibility is not specifically defined. Responsibility for monitoring and reviewing the Council's anti-fraud and corruption measures is delegated to Audit and Accounts Committee. Cabinet should be requested to approve this responsibility being included in the remit of the Chair of Audit and Accounts Committee.

OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

Legal officer	n/a
Financial officer	n/a
Human Resources officer	n/a
Estates/Property officer	n/a
Service Director(s)	n/a
Other(s)	Chief Officer Group

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Background papers:	Appendix 1 – Implications
List of appendices:	Appendix 2 - Extract from Protecting The Public Purse 2013 Appendix 3 – Checklist

IMPLICATIONS

Financial and Value for Money

1.1 None directly arising

Legal

2.1 None directly arising

Personnel

3.1 None directly arising

Equalities Impact

4.1 None directly arising

Health and Safety

5.1 None directly arising

Environmental Sustainability

6.1 None directly arising

Property and Asset Management

7.1 None directly arising

Risk Management

8.1 The effective management of risk is a core principle of good governance.

Corporate objectives and priorities for change

9.1 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.

