

Annual Fraud Report

2017 - 18

Havant Borough Council



**Southern Internal
Audit Partnership**

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1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership’s approach to support the management of the risk of fraud and corruption within Havant Borough Council.

Havant Borough Council promotes a zero tolerance culture to fraud and corruption:

*‘The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside of the Council....’
(HBC - Anti Fraud & Corruption Policy)*

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti Fraud & Corruption Policy; Anti Fraud & Corruption Response Plan; Whistleblowing Policy; Anti Bribery Policy and Anti Money Laundering Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.



2. Reactive Fraud Activity

The Southern Internal Audit Partnership work with Havant Borough Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti Fraud & Corruption Policy and Response Plan.

Recent history has demonstrated that given the size and diversity of the organisation, relatively low levels of activity have been required in respect of reactive fraud work in Havant Borough Council. This has continued as a trend in 2017/18 with no instances of reported fraud or irregularity to Southern Internal Audit Partnership for investigation.

During the course of 2017/18 Southern Internal Audit Partnership have not been required to undertake any reactive investigation work.

3. Proactive Approach

Whilst the established process to reactive fraud assists the Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation. Initiatives and subsequent outcomes during the year included:

Mobile Devices – During the year we have conducted a review of the control and usage of mobile devices. Overall the review found that an adequate system of control was in place, however, a number of actions were raised to further enhance the framework of control.

Fraud Awareness Training – During the year we have conducted a series of general fraud awareness training sessions with senior managers and Governance & Audit Committee Members. These sessions were designed to provide broad information on key fraud risk areas within the local government environment, the key indicators for fraud and management tools that should be in place to manage the risk of fraud.

National Fraud Initiative (NFI) - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to NFI on a regular basis (every two years). The last NFI data upload was carried out in October 2016 with match reports received and disseminated to key contacts in January 2017. The outcomes of NFI work across Havant Borough Council is summarised below:

Dataset	Recommended Matches	Matches Reviewed (in progress)	Fraud/irregularities Identified	Value (£)	Recovered (£)
Housing Benefits	35	454 (3)	1	5,810.47	On-going
Payroll	1	26	0	0	
Insurance Claimants	0	0	0	0	
Housing Waiting List	233	241	0	0	
Council Tax Reduction Scheme	35	742 (6)	11	23,471.63	On-going
Creditors	8	13	0	0	
Council Tax to Electoral Register	2050*	28 (3)	0	0	
Council Tax Rising 18s	283*	14 (20)	3	1,183.71	On-going
Council Tax to Other Datasets	5525*	12	0	0	
Total	8,170	1,530 (32)	15	30,465.81	

*Service provided by the Capita Council Tax Team. The apparent lack of progress has been highlighted to the relevant Head of Service who will look to resolve with the Service Provider. Council Tax datasets are not divided into recommended / other matches

A further NFI data upload will be carried out in October 2018 and new match reports available for review in January / February 2019. Service areas will continue to work on existing matches received from the 2017 match reports that have yet to be reviewed.

Joint Working Initiatives – During the year (October 2017) all local authorities took receipt of a joint correspondence from the DCLG and DWP to complete an expression of interest for an initiative to work with Government to more efficiently and effectively fight local fraud and corruption.

The initiative builds on DWP’s work with council fraud teams, on joint criminal fraud investigations of the Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud within Unitary and Tier 2 councils.

DWP’s Joint Working project team continue to develop the principles of including other types of local authority (incl. county council payments) within joint criminal fraud investigations and work is underway to establish the extent of data sharing and disclosure allowed under existing legislation in order to expand the scope further.

We look forward to working with colleagues across Government throughout 2018/19 as initiatives and opportunities present.

4. Ongoing initiatives

We have maintained a number of initiatives throughout the year to ensure internal audit remains responsive to the fraud needs of the Council and maintain consistently high standards:

- Fraud Awareness Bulletin’s, providing oversight of emerging fraud risk threats and advice;
- Completion and receipt of outcomes from the CIPFA Fraud Survey;
- Compliance with the Public Sector Internal Audit Standards;
- Networking with key fraud Hubs (South East Hub, Hampshire Fraud Group);
- Discharge responsibilities within the Council Whistle blowing policy

5. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Havant Borough Council with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
June 2018