EXECUTIVE SUMMARY

1. The Corporate Fraud Business Plan 2016-17 details the Council's proposed approach to the prevention, detection and prosecution of fraud and corruption. The plan sets out the desired outcomes and management processes aligned to the Council’s strategic objectives to provide value for money by identifying any fraud and error across all the Council’s activities.

2. This report is presented to the Audit and Governance Committee in compliance with its terms of reference to ‘…Monitor Council policies on...Anti-Fraud and Corruption’.

<table>
<thead>
<tr>
<th>Is the report Open or Exempt?</th>
<th>Open</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wards Affected:</td>
<td>All</td>
</tr>
</tbody>
</table>
| Cabinet Member:             | Councillor S Allen – Cabinet Member for Housing  
                             | Councillor M Barnard – Cabinet Member for Resources & Welfare Reforms |
| Supporting Officer:         | Mrs Siobhan Martin  
                             | Head of Internal Audit  
                             | 01394 444254  
                             | siobhan.martin@east suffolk.gov.uk |
1 INTRODUCTION

1.1 The Corporate Fraud Team covers both Suffolk Coastal District Council (SCDC) and Waveney District Council (WDC). The Team is managed by the Head of Internal Audit. The Business Plan attached represents the planned Corporate Fraud work to take place across the two Councils from 1 April 2016.

1.2 With the transfer of Housing Benefit fraud investigations to the Department of Work and Pensions (DWP), Single Fraud Investigation Service (SFIS) last year on 1 May 2015, the newly formed Joint Corporate Fraud Team was established. This Joint Corporate Fraud Team will continue to focus its approach on antifraud and error across the two authorities and work will involve promotion of anti-fraud and error, training, education as well as prevention, detection and investigative work.

1.3 The Financial Year 2016-17 will continue to be a year of further development and enhancement in the field of corporate anti-fraud activity at both authorities under the partnership arrangements, given the ever changing face of fraud.

1.4 A key responsibility within the Audit and Governance Committee’s terms of reference is to ‘…Monitor Council policies on…Anti-Fraud and Corruption’.

1.5 A Corporate Fraud Business Plan is presented to the Audit and Governance Committee on an annual basis. Performance data is also presented to the Committee for consideration on an annual basis.

2 BACKGROUND

2.1 The Council maintains a zero tolerance approach towards fraud and corruption, and the existence of a professional Corporate Fraud team demonstrates the Council’s commitment to this objective.

2.2 The Audit Commission (along with other designated responsibilities, e.g. Head of Paid Service, Section 151 Officer, Monitoring Officer and Head of Internal Audit) requires local authority services to have in place an effective counter fraud strategy and plan. This report demonstrates that the Council has such a plan in place. Each year the Council’s external auditors and Central Government (currently the remaining arm of the Audit Commission) note and comment upon the proactive work undertaken by the Council.

2.3 The Corporate Fraud Business Plan 2016-17 is a direct contribution to meeting the Council’s objectives and a key contributor to enabling the Government’s austerity measures in reducing public expenditure by reducing fraud.

3 RESPONSIBILITY

3.1 Following the transfer of the Housing Benefit investigation work and staff, there still remains residual Housing Benefit fraud work at the Council since a ‘Single Point of Contact’ must exist. This is a role which will search, sift, transfer, make court statements etc. in relation to Housing Benefit fraud activity since the Council is still the administrator of Housing Benefits, and the DWP do not have direct access to our systems (or those of any other Council at the present time). This role is currently situated within the Corporate Fraud Team but will transfer to the Anglia Revenues Partnership in the New Year.

3.2 All other Corporate Fraud responsibilities remain with the Council under the strategic direction of the Head of Internal Audit.

4 RESOURCING

4.1 Since last year (May 2015) the Corporate Fraud Team has consisted of one full time Corporate Fraud Manager and one full time Corporate Fraud Investigator and a part time Fraud Administrative Officer covering both WDC and SCDC sites involved in preventing, investigating, and prosecuting where applicable corporate fraud activity.
4.2 The Council’s Head of Internal Audit leads Corporate Fraud teams across 3 councils (4.25 full time equivalents), and offers services to 2 more councils, Babergh and Mid Suffolk District Councils, as part of the wider Audit Partnership arrangements.

4.3 Working practices and procedures will continue to be aligned across the entire Audit Partnership facilitating more joint learning and working. The Council’s Corporate Fraud Manager is committed to maintaining partnership working with Registered Social Landlords and participation in a revised Suffolk Tenancy Forum.

5 OTHER RELEVANT DOCUMENTS

5.1 The Corporate Fraud Business Plan 2016-17 works in conjunction with other fundamental documents, which form the foundations for Corporate Anti-fraud activity across the Council. The key supporting documents can be found on the Council’s intranet and are listed as follows:

- Anti-Bribery Policy and Procedure
- Anti-Money Laundering Policy
- Anti-Fraud and Corruption Strategy
- Whistleblowing Policy

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

6.1 The Corporate Anti-Fraud Business Plan aims to deliver a mechanism to prevent, detect and prosecute fraudulent behaviour and thus provide improved value for money given the finite local government resources available. The work of the Corporate Fraud Team is directly aligned to protecting the public purse and been designed to address the areas of concern identified locally and nationally as described within The European Institute for Combatting Corruption and Fraud (TEICCAF) and the publication entitled ‘Protecting the Public Purse 2015’.

7 CONSULTATION

7.1 Consultation has taken place with the Corporate Management Team and relevant Cabinet Members.

8 OTHER KEY ISSUES

8.1 There are no known direct or indirect environmental impacts arising from this report.

8.2 There are no known Equality and Diversity implications arising from this report.
8.3 Risk Management (see Council’s Risk Management toolkit for scoring process):

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Consequence of risk</th>
<th>Risk Controls</th>
<th>Actions to mitigate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Failure to prevent and detect fraud.</td>
<td>Financial Loss. Inability to provide services to those in need. Reputational damage.</td>
<td>Investigations undertaken by Corporate Fraud Team through referrals. Preventative due diligence measures implemented for some service processes. Corporate Fraud team raising awareness of fraud.</td>
<td>Referrals risk assessed and investigations conducted where appropriate. Sanctions publicised where appropriate. Due diligence measures undertaken as part of business as usual to prevent and deter fraud in the first instance. Monthly fraud clinics held for staff.</td>
</tr>
<tr>
<td>2. Lost opportunity to work with Registered Social Landlords (RSL’s) and neighbouring Councils.</td>
<td>Loss of income</td>
<td>Regular meetings with RSL’s and neighbouring Councils.</td>
<td>Member of Tenancy Fraud Forum</td>
</tr>
<tr>
<td>3. Failure to undertake mandatory National Fraud Initiative data matching exercise.</td>
<td>Reputational damage.</td>
<td>Matches co-ordinated by Internal Audit and Corporate Fraud Services.</td>
<td>Included as part of Internal Audit and Corporate Fraud Business Plans.</td>
</tr>
</tbody>
</table>

9. REASON FOR RECOMMENDATION

9.1 To apprise Members of the planned corporate anti-fraud work to be undertaken at the Council. To ensure Members of the Committee discharge their duties and responsibilities in accordance with the Committee’s terms of reference.

**RECOMMENDATION**

That the Committee comments upon and endorses the Corporate Fraud Services Business Plan 2016-17.

**APPENDICES**

Appendix A – Corporate Fraud Services Business Plan 2016-17

**BACKGROUND PAPERS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Type</th>
<th>Available From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2015</td>
<td>‘Protecting the English Public Purse’ 2015 issued by The European Institute for Combatting Corruption and Fraud.</td>
<td>Head of Internal Audit</td>
</tr>
</tbody>
</table>
Corporate Fraud Services
Business Plan
2016-2017

PREPARED BY:
Siobhan Martin; Head of Internal Audit
Contents

1. Introduction
2. Aims and Objectives
3. Resources
4. Key Activities 2016-17
5. Performance
1 INTRODUCTION

1.1 Waveney and Suffolk Coastal District Councils have a duty to safeguard public funds and take responsible steps to ensure that controls are in operation to mitigate, prevent, detect and prosecute fraudulent activity. All Councillors and Officers are committed to a zero tolerance approach towards fraud and corruption in the administration of its responsibilities, whether inside or outside the Council.

1.2 The Corporate Fraud Team covering Waveney and Suffolk Coastal District Councils undertake dedicated fraud training, prevention, detection, investigation and intelligence gathering activities.

1.3 The Corporate Fraud Team receives referrals from internal staff, external agencies and Departments along with anonymous referrals from members of the public. A confidential telephone fraud ‘hotline’ is available at each Council for members of the public to report their suspicion of fraud. The contact number is 01394 444444. Reports can also be made via the Council website: fraud@east Suffolk.gov.uk.

1.4 The loss and harm caused by fraud in the public sector is significant. The National Fraud Authority Annual Fraud Indicator showed an estimated annual loss of over £2 billion to fraud in local government. This financial loss does not calculate the cost of social harm caused by fraud.

1.5 Protecting the English Public Purse 2015 has been issued by The European Institute for Combatting Corruption And Fraud (TEICCAF) to continue the national series of Protecting the Public Purse reports previously published by the Audit Commission. The reports list areas directly impacting upon our Councils:

- Right to Buy (RTB) emerging as a significant area of fraud risk, with detected fraud cases more than doubling during 2014/15 (£30m).
- Insurance fraud is continuing to rise, with the value and number of cases nearly doubling (£9m).
- Significant increase in cases of economic and third sector fraud i.e. grants (increase of 183 per cent; £2m).
- Business rate fraud cases have more than doubled (£1M).
- Blue Badge Fraud (£2m)
- Council Tax Discounts (£18M)

2 AIMS & OBJECTIVES

2.1 The Corporate Fraud Team covering Waveney and Suffolk Coastal District Councils is committed to:

- Raising awareness of the importance of tackling fraud;
- Focussing on prevention and deterrence as a cost-effective means of reducing fraud losses to protect public resources;
- Investigate potential fraudulent or corrupt activity and take appropriate action;
- Recovering losses from fraudulent activities, using legislation such as the Proceeds of Crime Act (POCA) 2002;
- Working with other organisations to train / prevent, deter and detect fraud and reduce loss through fraud and error.

3 RESOURCES

3.1 The Corporate Fraud Service forms part of the Audit Services Partnership arrangements with Ipswich Borough Council.

3.2 A Corporate Fraud Manager and Corporate Fraud Investigator are directly employed by Suffolk Coastal District Council. Partnership arrangements provide an opportunity to share knowledge and expertise, with a further two full time equivalent posts appointed at Ipswich Borough Council.

3.3 The Corporate Fraud Investigator employed by Suffolk Coastal District Council is an Accredited Financial Investigator accredited by the National Crime Agency, with a further two Accredited Financial Investigators employed by Ipswich Borough Council. This provides a significant advantage to the Council as it enables us to recover financial losses due to criminal activity, as well as the ability to tackle broader criminal conduct.

4 KEY ACTIVITIES 2016-17

4.1 Conduct fraud investigations during the year within any of the following key areas (as identified within Protecting the Public Purse 2014 and Protecting the English Public Purse 2015):

- Tenancy fraud
- Right to Buy (includes continuing due diligence support)
- Social Housing Applications
- Housing Succession Rights
- Council Tax Reduction Scheme
- National Non Domestic Rates (Business Rates evasion)
- Procurement
- Abuse of position / Disciplinary cases
- Insurance claims
- Blue Badge Scheme (in partnership with Suffolk County Council)
- Economic and third sector supporting, including grants
- National Fraud Initiative Matches (statutory national exercise)
- Whistleblowing
- Payroll and Expenses
- Recruitment

4.2 Provide fraud awareness training to services across the Council including Members and new Council employees.

4.3 Improve understanding across the Council, including Members, about the assistance the service can provide in many enforcement areas, not least, for the seizure of assets of offenders to recoup financial losses under the POCA 2002.

4.4 Publicising the work and results of the Corporate Fraud Service internally and to the public through the Council Press Office and compliance with the statutory obligations set in the Local Government Transparency Code 2015.

4.5 Undertaking National Fraud Initiative data matching activities and any local proactive fraud drives assessed as a priority by the Head of Internal Audit.

4.6 Continue to work closely with Internal Audit to assess fraud risks across the Council and improve processes to reduce such risks.

4.7 Continue to undertake joint exercises with Suffolk County Council for Blue Badge enforcement and due diligence over grants.

4.8 Continue to maintain working relationships with Registered Social Landlords within the area to provide support with housing investigations if required.
5 PERFORMANCE

5.1 An annual report will be presented to the Audit & Governance Committee, usually in June each year.

5.2 Outputs are monitored on a monthly basis by the Head of Audit Service.

5.3 Performance indicators to be agreed and reported quarterly with Housing & Community Services.