

**AUDIT AND GOVERNANCE COMMITTEE**

**14 December 2012**

**COUNTER FRAUD STRATEGY**

**Report of the Executive Director of Commercial and Corporate Services**

**1. Purpose of Report**

- 1.1 To agree a Counter Fraud Strategy to support the delivery of the aims of the Anti Fraud and Corruption Policy.

**2. Background**

- 2.1 Over recent years the profile of fraud has been raised both at a national level and within the public sector. As the country tries to reduce the deficit tackling fraud is an integral part of putting public finances back on a stable footing and ensuring that tax-payers hard earned money is used to protect resources for frontline services.

- 2.2 The Audit Commission has also recently published its 2012 report, Protecting the Public Purse. From its survey of fraud detected in local government in 2011/12, it has identified:

- £179m worth of fraud;
- Comprising £117m relating to housing benefit fraud, £21m relating to Council tax discounts and £41m relating to other frauds;
- £24m of other frauds are related to procurement, abuse of position, payroll/pensions/expenses, disabled parking concessions, false insurance claims, and social care.

- 2.3 The change of emphasis from local government being a provider to a commissioner of services changes the risk profile of fraud, as well as the control environment in which risk is managed. More arms length delivery of services by third parties in the private, voluntary and not-for-profit sectors will mean that more public money is entrusted to more parties, whilst the controls local authorities previously exercised will be removed or reduced. Without new safeguards, preventing, detecting and investigating fraud will become more difficult.

- 2.4 Recognising the importance of maintaining good anti-fraud arrangements is recognised in the Corporate Assurance Map. The Internal Audit team maintain a Fraud Risk Assessment and undertake pro-active fraud work, and the Risk and Assurance team in advising and supporting the delivery of new models of service delivery will assist managers in identifying, assessing and putting in place effective arrangements to counter the risk of fraud. The attached

Counter Fraud Strategy is designed to enhance the arrangements already in place given the changing nature of the risks.

**3. Recommendation**

- 3.1 The Committee is asked to consider and agree the Counter Fraud Strategy.