



## Audit and Standards Committee Report

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**Report of:** Senior Finance Manager, Internal Audit

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**Date:** 13<sup>th</sup> June 2019

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**Subject:** Internal Audit Annual Fraud Report 2018/19

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**Author of Report:** Stephen Bower, Finance Manager, Internal Audit

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**Summary:** The purpose of this report is to inform the Audit and Standards Committee of the outcomes of the work undertaken by Internal Audit on fraud and corruption during 2018/19 and the proposed work for 2019/20.

All of the Council policies related to fraud and corruption were completely revised and agreed by the Audit and Standards Committee in June 2018. These have been reviewed and no changes are proposed.

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**Recommendations:**

Members are asked to:

1. That the Audit and Standards Committee notes the content of this report.
  2. That the Audit and Standards Committee notes the completed checklist for those responsible for governance (Appendix A).
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**Background Papers:**

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**Category of Report:** Open

\* Delete as appropriate

If Closed, the report/appendix is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

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## Statutory and Council Policy Checklist

<b>Financial implications</b>
<del>YES</del> /NO      Cleared by: K Inman
<b>Legal implications</b>
<del>Yes</del> /NO      Cleared by:
<b>Equality of Opportunity implications</b>
<del>YES</del> /NO      Cleared by:
<b>Tackling Health Inequalities implications</b>
<del>YES</del> /NO
<b>Human rights implications</b>
<del>YES</del> /NO
<b>Environmental and Sustainability implications</b>
<del>YES</del> /NO
<b>Economic impact</b>
<del>YES</del> /NO
<b>Community safety implications</b>
<del>YES</del> /NO
<b>Human resources implications</b>
<del>YES</del> /NO
<b>Property implications</b>
<del>YES</del> /NO
<b>Area(s) affected</b>
Corporate
<b>Relevant Scrutiny Board if decision called in</b>
<b>Is the item a matter which is reserved for approval by the City Council? <del>YES</del> /NO</b>
<b>Press release</b>
<del>YES</del> /NO

## **Sheffield City Council**

### **Report to the Council's Audit and Standards Committee**

#### **Fraud and Investigations**

**June 2019**

#### **Purpose of the Report**

1. This is an annual report produced by Internal Audit to show the work that has been undertaken across the Council in relation to Fraud and Investigations. This report is to “those charged with governance” which in the case of Sheffield City Council is the Audit and Standards Committee, to show the work that has been undertaken within Internal Audit and how this fits into the national picture. It will provide assurance on the work undertaken.
2. This report shows the outcomes from the work undertaken in 2018/19 and highlights the work to be undertaken in 2019/20. All of the Council's policies relating to fraud and corruption were fully revised and updated last year. These were presented to the Audit and Standards Committee in June 2018. These are available to all staff on the Intranet have been embedded in the operation of the Council. The policies have been reviewed, and at present no alterations are required.
3. The Cabinet Office is responsible for the National Fraud Initiative (NFI). This is a biennial process, where data is supplied from a number of Council systems and is matched to data supplied from other Councils and third parties such as DWP and banks and building societies. Any data matches are then supplied back to the Council to be investigated. Internal Audit coordinates the process on behalf of the Council. The Council supplied the data to be matched in October 2018. The data is supplied by various services and contractors directly to a secure portal of the Cabinet Office. The transmissions were tracked to ensure that all of them were submitted.
4. The data matches were received between the end of January and the end of May 2019, although some additional matches are being received as the data is further processed.

5. CIPFA produce an annual fraud and corruption tracker report, which correlates data from Councils and draws together an overall picture of fraud in Local Government across the Country. Information from the CIPFA report will be referenced in this report.
6. At the end of this report we have provided a checklist similar to previous years to provide the Audit and Standards Committee with assurance on the robustness of the Council's Counter Fraud arrangements. This has been revised to take account of the work that has been undertaken during the year.
7. As reported previously the Council no longer investigates Housing Benefits frauds. These are undertaken by the Single Fraud Investigation Service (SFIS) which is part of the Department of Work and Pensions (DWP). The team who previously undertook this work in Capita transferred to DWP. This is mentioned, as some of the work referenced particularly in regard to NFI includes figures relating to Housing Benefit fraud. Although these are identified within the Council, they are passed to the DWP for investigation and ultimate sanction.

## **Introduction**

8. It is recognised that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the last set of data from Central Government the cost of fraud to the public sector is estimated to be at least £20.6bn annually and of this £2.1bn is related to local government (including housing benefit fraud).
9. The current level of fraud reported in Local Government in 2018 is approximately £302 million (including housing benefit fraud) this is down from £336m in the previous year and the average value per case has reduced from £4,500 in the previous year to £3,600 in 2018. The largest reduction is in housing benefits frauds, where new process has been introduced to prevent and detect fraud at an earlier stage.
10. The CIPFA report highlights that 80,000 frauds have been detected and prevented across authorities in 2017/18 this is higher than in 2016/17. Approximately 70 percent of all cases detected by volume and value relate to housing benefit fraud, which due to the value of property involved tends to be far greater in London and South East than the rest of the country as a whole.
11. Fraud by its very nature is often difficult to detect. The better the controls that the Council has, the more that those wishing to undertake acts of fraud will look to target weaker and more vulnerable areas. Sheffield is not

complacent and as part of Internal Audits normal work we look to ensure that where fraud is highlighted as a risk that adequate controls are in place.

12. Sheffield City Council has robust processes to try to prevent and detect fraud. These were updated in 2018 and were agreed by the Audit and Standards Committee in June 2018. These are available to all staff and have become embedded into Council processes. This should reduce the amount of fraud and aid in its early detection. The work of Internal Audit should also reduce the prevalence of frauds, by ensuring services and processes have robust controls in place.
13. In Sheffield City Council we require that Capita undertake an annual exercise into Single Person Discounts on Council tax. This exercise significantly reduces the risk of this type of fraud occurring. Internal Audit will be looking for this process to continue when the service returns to the Council.
14. The report highlights the work of Internal Audit in 2018/19 and proposed developments that are going to be undertaken this year.

#### **Work undertaken in 2018/19**

15. The volume of investigations undertaken by the Council has increased slightly this year from 58 cases in 2017/18 to 65 cases in 2018/19. Of these 29 were conducted by Internal Audit and a further 36 cases were undertaken by management with the support of Internal Audit. Internal audit continues to work closely with Human Resources. Human Resources often identify issues such as timesheet fraud as part of wider staffing issues. There are also regular liaison meetings with Internal Audit, Human Resources and the Monitoring Officer where investigations and governance issues are discussed. This ensures consistency of approach on these matters. Internal Audit has only a limited amount of qualified investigator resources and these are therefore targeted at the most appropriate cases.
16. The complexity of some of the investigations undertaken has meant that the resources used were greater than that originally planned for the year.
17. The cases investigated related to members of staff. With such a large workforce covering a large number of services there will always be a range of issues. The cases reported to Internal Audit, covered a similar range of frauds as in previous years, with cases including false claims for services/benefit, cash theft, excessive use of the internet during work time, falsification of expense claims and of timesheets. In all cases these were dealt with efficiently and following investigations appropriate

sanctions were applied where the issues were found to be proven. This resulted in a number of dismissals. In some cases it was also found that there was no or insufficient evidence of fraud for action to be taken. The frauds identified within the Council mirror those found nationally.

18. Parking Services continues to remove Blue Badges where they are being abused and to prosecute where appropriate. In 2018/19 the number of Blue Badge prosecutions was 16 which is lower than the previous year. This was due to less resource being available; however this issue has now been resolved through the reallocation of staff. The cost of each Blue Badge fraud is estimated at £449, which is considerably less than the value in London of £2,150 (as a result of the congestion charge and higher parking fees).
19. It is difficult to fully determine the number of fraudulent tenancy cases as often the tenants will simply hand back their tenancy when they are aware of an investigation taking place. This means that often lengthy and costly legal action is avoided and the houses are once more available to be used by the citizens of Sheffield. The Council will always take the appropriate legal action if fraud can be proved, even if the tenancy has been given up.
20. In 2018/19, 101 cases were investigated by Housing Fraud Team (inc Right to Buy cases). This resulted in two prosecutions and a further 18 properties either being abandoned or the tenancies quit. In addition two right-to-buy transactions were denied.
21. Although the number of cases relating to parking machines went down this year, a small number were targeted and vandalised. Although the cash stolen in each case was only small in relation to the efforts taken by the criminals, the cost of replacing the machines is significant. The Council has undertaken a significant replacement programme for a large number of machines this year. This has reduced the number of the more vulnerable machines and as the machines now take card payments, this should significantly reduce the motive for theft. The police were unable to apprehend the people responsible.
22. Bank mandate fraud continues to be a significant issue. Although we have robust controls in place to detect and prevent this. The Council is still targeted by organised criminal gangs who undertake phishing exercises.
23. During the course of investigations, where control and process issues were identified these were reported to management for action. In addition, where warranted, further work was undertaken in the form of additional audit reviews to ensure that where practicable, suitable measures are in place to minimise the chances of reoccurrence.

24. The number of whistleblowing issues reported remains low. The new policy came in last year and has been publicised. As whistleblowing is often seen as a last resort, it may be that the other Council processes are sufficient to allow for issues to be raised without the need to use the whistleblowing policy.
25. Four pieces of counter fraud work have been undertaken by Internal Audit during the year, these did not identify any instances of fraud being undertaken. These related to vetting of agency staff and consultants in line with the officers code of conduct, staff expense claims, Members interests and Members Allowances and fraud risks relating to organised crime. Recommendations have been made in these areas where required, to improve control processes. Follow-ups of previous year's reviews were undertaken and adequate progress had been made and reported to the Audit and Standards Committee via the Recommendation Tracker report.
26. In addition, there was work on data matches relating to the NFI exercise which are reported later.

#### **The Anti-Fraud Plan for 2019/20**

27. As can be seen from the Internal Audit annual plan for 2019/20 approximately 18% of available resources (or 278 days) are allocated to anti-fraud matters. This is a slight rise on last year's plan of 260 days.
28. The plan covers 5 areas.
  - Time for investigations (this is an allocation of time from which individual investigations are allocated).
  - Time to review and update the Council's policies as applicable.
  - Time to undertake work on the National Fraud Initiative, including the submission of data from across the Council, undertaking checking of the data matches and providing help and support to others reviewing the matches in service.
  - Time to undertake an annual review of the Housing Benefits processes.
  - Six reviews to assess areas from an anti-fraud perspective which have been risk assessed as having a higher potential of fraud. This can be for a number of risk factors such as cash handling, or where control weaknesses were identified in the past. In the current year this will include Taxi Contracts, Parking Services and the use of

Council Vehicles in Social Care, as well as security reviews at three core Council sites.

29. At present, based upon the level of referrals in the past few years the resourcing should be adequate, however if the number of investigations should increase or become more complex, than resources may need to be reallocated to this area.

### **National Fraud Initiative (NFI)**

30. The Council is mandated to supply a number of data sets covering such areas as payroll, pensions, creditors, debtors, housing tenants, supported care home residents, blue badge holders, insurance claims and the electoral roll. These were supplied to the Cabinet Office in October 2018.
31. A national exercise is undertaken to collate this information electronically and where appropriate to provide data matches. These matches were initially provided in February 2019 (with additional matches provided to the end of May). These could be frauds or error, but in most cases is a result of issues like timing differences in the data.
32. The National Fraud Initiative (NFI) for 2018/19 has returned 14,295 data matches for the Council; this is slightly less than the 16,469 matches from the previous exercise in the main because housing benefit figures are no longer included. We have ensured that all of the matches classed as high have been reviewed along with some of the medium and low matches where these have proved fruitful.
33. Currently two frauds and 14 errors with a value of £52,626.86 have been detected. There are still approximately 100 matches which are still in the process of being investigated. Some of these are recent matches whilst the others are often the more complex issues and will be completed in the next few months.
34. Internal Audit have provided support where required and have monitored and followed up actions until the cases were closed. Internal Audit has checked the outcomes and provided the required declaration that the exercise has been undertaken appropriately.

### **Checklist for 'Those Responsible for Governance'.**

35. A checklist similar to previous years is included at Appendix A.
36. The tolerance of fraud within an organisation is a key element of a counter fraud framework. SCC has formally adopted a Policy Statement on Fraud & Corruption that underlines a zero tolerance to such acts. Fraud awareness training has been provided to services throughout the Council.



## **Recommendations**

37. That the Audit and Standards Committee notes the content of this report.
38. That the Audit and Standards Committee notes the completed checklist for those responsible for governance (Appendix A).

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# **Governance Checklist for Fraud 2018/19**

**Sheffield City Council  
June 2019**

**Prepared by Internal Audit  
on Behalf of the Audit and  
Standards Committee**

## **Introduction**

The checklist allows Councils to evaluate their arrangements. This document seeks to evaluate the arrangements in place within Sheffield City Council.

This document has been prepared by Internal Audit to highlight to the Councils Audit and Standards Committee which is referred to as “those charged with governance” that the Council has in place adequate arrangements for the prevention, detection and investigation of fraud that may occur within the Council.

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?	✓	
<p><b><u>Actions</u></b></p> <p>The Council's New Anti-fraud and Corruption Policy Statement and Framework, has a statement that clearly states that the Council has a zero tolerance to fraud, and that it expects its employees to uphold the highest ethical standards and to strictly adhere to its anti-fraud framework and associated policies.</p> <p>As part of the Officers Code of Conduct, the Policy Statement - Fraud &amp; Corruption incorporates a message from the Chief Executive which clearly states the 'zero tolerance' approach of the authority. It incorporates the fact that any instances of fraud or corruption will be treated as gross misconduct.</p> <p>Internal Audit is currently working with the learning, development and training section of Human Resources service to develop a new eLearning package will support the implementation of the anti-fraud policies across the Council.</p>		
	Yes	No
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	✓	
<p><b><u>Actions</u></b></p> <p>The following fraud related strategies, policies and plans are in place:  Financial Regulations 2018  Code of Conduct for employees  Policy Statement – Fraud &amp; Corruption (Appendix to the above)  Regulation of Investigatory Powers Act Policy  Internal Audit Plan (incorporating pro-active and re-active counter fraud assignments)  Finance Service Plan (including specific counter-fraud related deliverables)  Annual Governance Statement (Fraud Risks)  Fraud awareness e-learning module. ( in development)</p> <p>The Council now has a full suite of policies for Anti-Fraud and Corruption; these have been updated and were endorsed by the Audit and Standards committee in June 2018. The policies are up to date and are designed to fit together in a consistent manner to ensure that they comply with the latest relevant legislation and guidance.</p> <p><u>Anti-fraud and Corruption Policy Statement and Strategy</u> – New overarching document which draws together all of the Councils other policies in relation to the fraud and corruption. It follows the CIPFA code in that it acknowledges the responsibilities of Officers and Members for countering fraud and corruption. It demonstrates how the Council will try to prevent fraud by identifying the fraud and corruption risk and then identifying strategies to mitigate these. It also sets out how the Council will pursue and take action against those who try to perpetrate fraud and</p>		

corruption.

Fraud Risk - This document is significantly updated from the previous document it is designed to help managers in identifying fraud risks in their areas and to put forward strategies to manage and mitigate these risks.

Fraud Response Plan – This document had been rewritten to aid managers in dealing with potential fraud issues and to investigate these in line with the council’s relevant HR policies.

Anti-Money Laundering Policy - This document has been fully revised to comply with the current legislation in this area. It set out what individuals need to do if they become aware of any potential money laundering activity.

Bribery and Corruption Policy – This is new document which has been devised to fill a gap in the Council’s current framework. By having this policy and adhering to it, it ensures that the Council has a defence should it or any of its employees be accused of bribery and corruption.

Know your Customer – This is a new document to aid checking of customers across the Council to comply with bribery and money laundering requirements.

Guidance to Schools – This is a new document that is being made available to schools so that they can more easily identify and mitigate the risks that they face in relation to fraud and corruption.

	Yes	No
3. Do we have dedicated counter-fraud staff?	✓	

**Actions**

Service Managers are responsible for the investigation of fraud within their respective areas. Internal Audit has accredited officers available to investigate larger scale allegations and provide advice to managers.

Internal Audit has a limited resource for fraud investigation as outlined in the Annual Plan. At present there are two qualified fraud investigators in the service.

There are dedicated officers in Trading Standards and in Housing to investigate housing tenancy fraud.

Resource is also provided from across the Council to undertake work on the NFI matches and with any resulting investigations.

	Yes	No
4. Do counter-fraud staff review all the work of our organisation?	✓	

**Actions**

Internal Audit maintains a resource to address fraud issues e.g. policy issues, serious allegations etc. and the Internal Audit plan contains a small number of counter fraud exercises to review specific fraud risks.

Service Management has the primary responsibility for internal fraud investigation (with the support of Human Resources).

Internal Audit operates a risk based approach to auditing and key risks are identified for inclusion in the audit plan in conjunction with Service management. Internal Audit considers fraud risk for inclusion in the scope of each audit review.

The Council has suitably qualified risk advisors who can support services in identifying and mitigating all types of risk across the Council.

	Yes	No
5. Does a councillor have portfolio responsibility for fighting fraud across the council?	✓	

**Actions**

The Deputy Leader and Cabinet member for Finance and Resources has responsibilities that align to the Resources portfolio which encompassed Internal Audit. There is no specific responsibility delegated to the post to cover fighting fraud across the Council. All members of the Cabinet are responsible for fraud in their area, and are held to account by the Council as a whole.

Internal Audit has briefed the Deputy Leader on the work undertaken by Internal Audit in relation to Fraud Investigations.

The Audit and Standards Committee receive reports on Fraud arrangements across the Council and are responsible for reviewing the effectiveness of the arrangements in place.

	Yes	No
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	✓	

**Actions**

The Annual Governance Statement provides a level of assurance that fraud risks have been identified and addressed.

The Internal Audit Plan is endorsed by the Audit and Standards Committee on an annual basis and the Senior Finance Manager (Internal Audit) produces an annual report which includes information on counter fraud activities.

	Yes	No
7. Have we assessed our management of counter-fraud work against good practice?	✓	

**Actions**

A new code of practice was produced by CIPFA at the end of March 2016 and this checklist reviews the Council's policies against the requirements of the Code.

Internal Audit have also attended National Anti-Fraud Network Conference and South and West Yorkshire investigators forums where best practice is shared and this is incorporated into our methods of working.

All of the Council's suite of fraud and corruption policies have been reviewed and updated to ensure that we have a consistent and comprehensive anti-fraud framework for the Council.

	Yes	No
8. Do we raise awareness of fraud risks with:		
■ new staff (including agency staff);	✓	
■ existing staff;	✓	
■ elected members; and	✓	
■ our contractors	✓	

**Actions**

Fraud is specifically covered in the Officer Code of Conduct. It is a requirement that all agency staff must comply with the code and it is the appointing manager's responsibility to ensure that the individuals concerned are fully compliant with the code at the start of their appointment. Specific short term appointments such as those of polling clerks may not cover, the full code, but specific fraud issues pertinent to these posts are specifically raised with the individuals concerned.

Additional training has been provided to key staff on request. In addition there is an online training programme for fraud that is currently in development.

Commercial fraud risks are addressed by a requirement for contractors to comply with all current legislation (and indemnity provision) being incorporated into the standard terms and conditions. In addition specific anti-competitive and anti-bribery conditions apply to the contracting process.

	Yes	No
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓	

**Actions**

Sheffield City Council maintains membership with Core Cities and the South & West Yorkshire fraud Investigators Group.



There are effective working arrangements in place between the Council and Department for Work and Pensions (DWP) to cover the requirements brought in as a result of the new Single Fraud Investigation Service (SFIS).

The National Anti-Fraud Network (NAFN) and the Financial Crime Information Network provide bulletins on current fraud risks. Internal Audit staff are members of professional bodies such as CIPFA, Institute of Internal Auditors and CIMA. These bodies provide periodic updates in areas such as fraud risks. These updates are cascaded throughout the team as appropriate.

CIPFA has now become the lead Accountancy Body for fraud governance arrangements in local government following the demise of the Audit Commission. Internal Audit ensures that the Council complies with CIPFA guidance.

The Internal Audit Service of the Council is required to comply with the Public Service Internal Audit Standards. As part of the requirements of the standards, a peer review was undertaken in 2017 and the service was found to generally conform.

	Yes	No
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓	

**Actions**

As 9 and 10 above plus:

The Cabinet Office National Fraud Initiative (NFI) operates under formal arrangements and provides for the sharing of data between local authorities and other participating organisations. As part of the South and West Yorkshire investigators group information on fraud issues is shared on a regular basis. A shared portal has been developed by Cheshire Council to allow this to be undertaken in an easier way.

We also use the online reporting system to Action Fraud.

	Yes	No
11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	✓	

**Actions**

The annual Internal Audit Plan includes 'risk-based' audits based on a risk assessment and discussion with Service Directors. Each of these reviews includes an assessment of the internal controls within scope to identify instances in which they are not present or not working effectively. Auditors consider fraud risks for each assignment.

Where appropriate recommendations are made to improve internal controls at the conclusion of each review, implementation is confirmed with the client and followed up.

A small number of pro-active counter fraud reviews are included in the Internal Audit Plan that focuses on activities where, due to the nature of the service, the risk of fraudulent activity is heightened. At the conclusion of appropriate re-active investigations, systems and controls are reviewed to identify weaknesses and to recommend improvements to prevent future instances of fraud both within the relevant service area and corporately.

A number of audits were undertaken following investigations to provide assurance to service areas where flawed internal controls had been identified during the investigation process.

	Yes	No
12. Do we maximise the benefit of our participation in the Cabinet Office National Fraud Initiative and receive reports on our outcomes?	✓	

**Actions**

The Council has been a participant in the NFI since 1995. Data matches are circulated to all relevant service areas and Capita for examination and resolution. Internal Audit maintains a coordinating and advisory role in addition to responsibility for examination of some data matches and validates the outcomes prior to the conclusion of each exercise.

Internal Audit examines areas from the NFI where significant numbers of new matches have been identified to ensure that the procedures in place are adequate to minimise the risk of fraud.

	Yes	No
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓	

**Actions**

SCC has adopted a detailed Anti Money Laundering Policy. This document has been revised and includes an appendix which contains guidance to staff and is available via the Intranet. Incidents are reported to Internal Audit and in turn the National Crime Agency where appropriate.

	Yes	No
14. Do we have effective arrangements for:		
■ reporting fraud; and	✓	
■ recording fraud	✓	

**Actions**

Financial Regulations require Executive Directors to ensure that Internal Audit (on behalf of the Section 151 officer) is notified of all incidents of financial irregularity. Internal Audit records each reported incident.

Perceived Money Laundering attempts against SCC have also been reported promptly to Action Fraud.

Although the above controls are in place, full compliance cannot be assured. Work is ongoing to raise awareness of fraud reporting. This work is continual as staff are always moving and new issues are always arising.

A key issue to be reviewed going forward is to identify and record not only proven fraud activity, but also areas which are serious issues where actual fraud is indicated, but not proven.

	Yes	No
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
■ aware of our whistle-blowing arrangements	✓	
■ have confidence in the confidentiality of those arrangements	✓	
■ confident that any concerns raised will be addressed	✓	

**Actions**

SCC has adopted an extensive Whistleblowing Policy that contains an explanation on whistleblowing arrangements and the reporting access routes including the details of designated contact officers. The Human Resources Service maintains a central register of allegations. Whistleblowing allegations are all reviewed and where appropriate fully investigated by someone independent of the area.

It is noted that during the current year the number of whistleblowing actions with the potential to uncover fraud has risen. These are always dealt in confidence and followed up promptly.

Regular meetings now take place with between Internal Audit, the Head of HR, and the Monitoring Officer to review whistleblowing and investigation cases.

	Yes	No
16. Do we have effective fidelity insurance arrangements?	✓	

**Actions**

SCC has adequate fidelity insurance cover.

There is an annual requirement to complete a pro-forma for the fidelity guarantee

insurance. This is undertaken by the Insurance Section with input from Internal Audit. This has recently been completed for the forthcoming year and accepted by the insurance company.

Fighting Fraud with reduced Resources	Yes	No
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud, once the SFIS has been fully implemented?	✓	

**Actions**

The Internal Audit plan is produced on an annual basis. The formulation of this plan incorporates new and emerging risks including those associated with the current financial climate. The resources are under review as there is very little capacity in the system should a major incident (or a number of smaller incidents) occur.

Current risks and issues	Yes	No
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**Housing tenancy**

18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	✓	
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**Actions**

The lettings policy ensures that there is a vetting and validation process in place to confirm identity and eligibility of each individual prior to the letting of any property. The Housing Service has a small team in place to investigate any instances of potential tenancy fraud, such as sub-letting and to follow these up and recover properties and prosecute where appropriate.

	Yes	No
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	✓	

**Actions**

Home visits and day to day contact with tenants provides assurance on occupancy however resources have been allocated to recover properties identified. The NFI process also identifies issues with tenancies.

A recent workshop was arranged in Housing to ensure that all potential tenancy frauds are identified and investigated in the most effective manner, by individual elements of the service, working more closely together.

Procurement	Yes	No
20. Are we satisfied our procurement controls are working as intended?	✓	

<b><u>Actions</u></b>		
Internal Audit work in this area has previously not identified any significant weaknesses.		
	<b>Yes</b>	<b>No</b>
21. Have we reviewed our contract letting procedures to ensure they are in line with best practice?	✓	
<b><u>Actions</u></b>		
Aspects of contract letting feature in the Internal Audit annual plan. All audits covering the letting or management of contracts now include testing in this area.		
<b>Recruitment</b>	<b>Yes</b>	<b>No</b>
22. Are we satisfied our recruitment procedures:		
■ prevent us employing people working under false identities;	✓	
■ confirm employment references effectively;	✓	
■ ensure applicants are eligible to work in the UK; and	✓	
■ require agencies supplying us with staff to undertake the checks that we require?	✓	
<b><u>Actions</u></b>		
The Council has in place controls to ensure that all of the above areas are covered; this included a requirement for the Council's agency staff provider to complete the appropriate propriety checking.		
Internal Audit has completed testing in this area as part of its normal auditing work, and no issues have been found in the performance of the controls linked to the above areas.		
The National Fraud Initiative matches payroll records against Immigration records every two years and reports any instances of potential illegal working for investigation.		
<b>Council tax discount</b>	<b>Yes</b>	<b>No</b>
23. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	✓	
<b><u>Actions</u></b>		

The Council Tax and Business Rates systems (including discounts) are regularly reviewed by Internal Audit as part of the assurance provided on the Council's main financial systems.

Capita undertake an annual exercise to review the application of single person discounts. This includes checking with third parties and has consistently controlled the validity of this discount.

Other fraud risks	Yes	No
24. Do we have appropriate and proportionate defences against emerging fraud risks:		
■ Business rates;	✓	
■ Right to Buy;	✓	
■ Council Tax Reduction;	✓	
■ Schools	✓	
■ Grants	✓	
■ PIP – Personal Independent Payment	✓	
■ Blue Badge Fraud.	✓	

**Actions**

Emerging fraud risks are taken into account in the formulation of the Internal Audit annual plan in addition to other identified risks. Examination of emerging risks is included in the scope of planned audits or scheduled for specific future review.