

AUDIT COMMITTEE: 23 MARCH 2015

FRAUD RELATED MATTERS

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.4

Reason for Report

1. The purpose of this report is to provide Members with an update on fraud related items reported previously to Audit Committee, namely, the National Fraud Initiative (NFI) Data Matching Exercise, Housing Fraud and a summary of fraud referrals for the last quarter of 2014/15.

Background

2. The Audit Manager will be producing an Annual Audit report at the end of March 2015, outlining work undertaken over the past financial year and providing his opinion in terms of the overall control environment. This will summarise all audit and fraud referral statistics.
3. As such, only a brief report will be prepared relating to Quarter 4 for the March Audit Committee meeting, but it was considered important for an update to be provided on a few fraud related matters.

Issues

4. Appendix A provides an updated position regarding the National Fraud Initiative with an analysis of referral types. Included in these are those relating to potential housing matches.
5. The NFI referrals show a high level of potential matches, around 20,000 of which 6,849 are assessed by the Audit Commission as red risk and thus worthy of prioritisation. Membership of NFI is mandatory and we are required to provide the data on which the matching is undertaken, and there is an expectation that we examine the risks to identify any potential frauds. Experience has shown a relatively poor return on these cases which indicates a need to manage resources devoted to these potential matches.
6. The Audit team act upon many of the referrals but also refers some to others to consider and the Group Auditor (Investigations), based in Audit, monitors all cases and ensures the NFI database is completed for all matches referred.
7. The attached Appendix also provides details of cases referred to the Audit team since cases were last reported (January 2015). A new policy is being presented to this Committee that highlights a zero tolerance approach to fraud and financial impropriety and encourages a

more consistent approach to sanctioning, Audit management have also been engaged with updating the Council's disciplinary policy, currently being finalised, to ensure consistent messages relating to fraud investigations.

Legal Implications

8. There are no legal implications arising from this proposal.

Financial Implications

9. There are no financial implications arising from this proposal.

Recommendations

10. Audit Committee note the content of this report.

Derek King/Bob Jones
Audit Manager
March 2015

The following Appendices are attached:

Appendix A: Fraud Related Matters - Briefing