

REPORT TO: Audit Committee	DATE 26th March 2013	CLASSIFICATION Unrestricted	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources		Progress on National Fraud Initiative 2010 and New Initiative 2012		
ORIGINATING OFFICER(S): Head of Risk Management and Corporate Fraud Manager		Ward(s) Affected: N/A		

1. SUMMARY

- 1.1 This report updates the Audit Committee of the current progress of the National Fraud Initiative 2010 and provides an overview of anti fraud work undertaken during the past six months by Audit Services.

2. RECOMMENDATIONS

- 2.1 The Audit Committee is asked to note the contents of the report.

3. INTRODUCTION

- 3.1 This report updates the Audit Committee of the progress of the National Fraud Initiative 2010 and details of the current exercise for 2012.

**LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

Brief description of "background papers"

Name and telephone number of holder
And address where open to inspection

N/A

Tony Qayum, 0207 364 4773

4. NATIONAL FRAUD INITIATIVE 2010-11

Background:

- 4.1 The National Fraud Initiative is a bi-annually run Data Matching exercise managed by the Audit Commission.
- 4.2 The exercise matches data provided by some 1,300 participating organisations from across the public and private sectors including government departments and other national agencies.
- 4.3 Since its launch in 1996 the NFI has enabled its participants to detect fraud, overpayments and errors totalling more than £939 million nationally.
- 4.4 The last exercise was run in 2010 with the matched output being received by the Authority in February 2011. Because of the volume of matches received this exercise has been operational ever since, with matches being investigated gradually over the two year period from February 2011 to date. The coverage of the exercise had the objectives of identifying fraud or error on the following key areas:-
 - Benefits fraud (Housing and Council Tax)
 - Employee fraud (employees with Border Agency issues and rights to work and employees failing to declare other employment which may have a conflict)
 - Pension fraud/overpayments to deceased pensioners
 - Inappropriate Right - to - Buy applications
 - Illegal tenancies and temporary accommodation
 - Multiple insurance claims
 - Creditors address book
 - Potential duplicate payments
 - In-appropriate issue/abuse of parking permits, blue badge or freedom passes
 - Incorrectly awarded Single Person Discounts on Council Tax accounts

4.5 For the 2010 NFI exercise, this Authority received a total of 17,559 matches for examination/investigation. This exercise is now drawing to a close, with many of the investigated cases only reaching court in recent weeks. Some are still awaiting court dates.

5. 2010 Exercise Outcomes

5.1 To date this authority has identified 1146 cases of error and 78 cases of fraud, with overpayments totalling £827,356.

5.2 There has been a successful link up with the Department of Work and Pensions Benefit Investigators, who also participated in the exercise, which led to benefit related cases being jointly investigated and prosecuted accordingly.

5.3 The results total of £827,356 includes £394,408 of Housing and Council Tax Benefit overpayments, and £164,087 of DWP benefits overpaid. Twelve prosecutions and 41 other sanctions have been levied as a result of the exercise so far.

5.4 £109,336 has been identified as incorrectly awarded Single Person Discount on Council Tax accounts to date.

5.5 Three social housing properties have been recovered.

5.6 £111,382 of duplicated creditor payments were identified and recovery has been sought on these.

A full breakdown of the results to date is included at the end of this report (Appendix 1 & 2)

6. National Fraud Initiative Exercise 2012

6.1 The new 2012 National Fraud Initiative exercise has recently commenced and departments preparing to manage the outturn.

7. Comments of the Chief Financial Officer

7.1 The comments of the Chief Financial Officer are contained within the body of the report.

8. Concurrent Report of the Assistant Chief Executive (Legal Services)

8.1 These are contained within the body of this report.

9. One Tower Hamlets Considerations

- 9.1 This progress update on significant issues arising from the National Fraud Initiative should allow the Audit Committee to focus on management action taken to date to improve risk management and control in order to minimise future risk exposure.

10. Anti-Poverty Considerations

- 10.1 There are no specific Anti-Poverty issues arising from this report.

11. Risk Management Implications

- 11.1 This report highlights risks relating to the National Fraud Initiative data matching exercise findings and shows how the Council is responding to potential risks to the control frame work that may be exploited by fraudsters.

12. Sustainable Action for a Greener Environment (SAGE)

- 12.1 There are no specific SAGE implications.