

REPORT TO: Audit Committee	DATE 06 January 2009	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources		National Fraud Initiative And Anti Fraud Update		
ORIGINATING OFFICER(S): <i>Head of Audit Services</i>		Ward(s) Affected: N/A		

1. Summary

- 1.1 This report is an update of the National Fraud Initiative 2008/09 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 In June 2008 the Audit Committee received a detailed plan of the proactive and reactive anti fraud work for 2008-9.
- 3.2 Key areas within the plan included :-
- National Fraud Initiatives 2006/7 and 2008/9;
 - Planned anti fraud work for the Housing ALMO and Client including contingency for reactive support;
 - Anti Fraud and Risk Awareness training to Members and employees;
 - Overall Governance;
 - Joint working with other agencies;
 - BVPI review-support (internal); and
 - Planned proactive audits and reactive anti fraud work contingency for whistle-blowing and internal and external referrals.
- 3.3 This report provides information and an update on the National Fraud initiative 2008-09 and also gives an outline and update on the planned proactive and reactive anti fraud work for 2008-9 as at end October 2008.

4. National Fraud Initiative 2008-09

- 4.1 The National Fraud Initiative 2008-09 was launched by the Audit Commission in July 2008 with the publication of their latest Code of Data Matching Practice. The coverage of this year's NFI has been extended to include new mandatory data sets including :-
- Residential Care Homes;
 - Market Traders;
 - Blue Badges;
 - Concessionary Travel Passes;
 - Personal Alcohol Licences; and
 - Resident Parking Permits.
- 4.2 One of the key features of the new Code of Data Matching Practice is the way in which each authority handles personal data and the way in which data subjects are notified of how their data is to be used during the exercise.
- 4.3 In complying with this, the Information Commissioner recommended that each authority take a three layered approach to Fair Processing notifications. Attached at Appendix 1 is an example of the first layer as notified to employees. This was used as a template and communicated by email to all employees.
- 4.4 Attached as Appendix 2 is a link from the first layer in Appendix 1 to the Council's internet site which is a more detailed narrative on the Council's participation in the 2008-09 NFI and complies with layer two.
- 4.5 The third layer of the process was achieved by providing data subjects with the Audit Commission's web site link to the NFI.
- 4.6 Further examples of the first layer are included in Appendix 3 as press releases in East End Life and the East London Advertiser.
- 4.7 The deadlines for making the returns to the Audit Commission was 30 September 2008 for the Fair Processing Consultation Return, 6 October 2008 for the start of the secure upload of the data to the Audit Commission site and we anticipate the resultant output to be available to authorities to start investigation from 28 January 2009.

5. Anti Fraud and Risk Awareness Training

- 5.1 Audit Services have undertaken two training initiatives during 2008-09, with further training exercises planned for the second half of the financial year.

- 5.2 The first was a training presentation to the Legal Services Team Leaders that focused on Risk and Governance and was intended to assist the Legal Service to build on their development of professional standards and internal procedures.
- 5.3 The other training was part of the officer induction process and raised the issue around risk management and fraud awareness for new members of staff.
- 5.4 This work follows a series of sessions undertaken with all directorates of the council in the previous financial year with coverage ranging from Chief Officer to the fourth tier of management.
- 5.5 Separate exercises were undertaken with all members concluding with the final session at the end of the last financial year.
- 5.6 We have developed an e- learning package with Legal Services, Organisational Development and an outside Solicitor's firm to cover a number governance issues including Anti Money Laundering and Anti Fraud and Corruption arrangements, Governance Standards and Risk Management and this will include the Code of Conduct for Employees.
- 5.7 It is anticipated that this will be launched later in this financial year and will enable the organisation to monitor understanding as the module's need to be 'passed' before the training can be completed and will enable gaps in knowledge to be managed by further training and support.

6. Other Key Activities Undertaken during the year to date

- 6.1 There have been three substantial inquiries which have involved close working between the relevant Directorate, Legal Services and Audit Services. Each one arose from a whistle blow. An extensive review of a range of processes has been undertaken and recommendations for improvement made to improve the risk environment. Of each area reviewed.
- 6.2 Audit Services has also worked closely with the Police on another matter which is currently ongoing and likely to result in a prosecution for fraud perpetrated against the authority.
- 6.3 The Audit Service has also provided support to Directorates upon request. This included a review of the Purchase Card systems expenditure, support to the Children's Services Directorate on several risk management issues and a review of base data contained within the Comensura contract.

6.4 We have also continued to develop closer working arrangements with the Parking Service and Legal Services with regard to Blue Badge irregularity and worked corporately where instances of Blue Badge irregularity has involved members of staff.

6.5 We have challenged and enhanced the Anti- fraud and Corruption Strategy to ensure it reflects current best practice. Attached at Appendix 4 is a summary of the activities of the service for the first six months of this financial year.

7. Comments of the Chief Financial Officer

7.1 These are contained within the body of this report.

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

8.1 There are no immediate legal implications arising from this report.

9. One Tower Hamlets

9.1 There are no specific one Tower Hamlets considerations.

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

10. Risk Management Implications

11.1 The revised control environment should pick up the areas identified as of concern and reduce the residual risk.

11. Sustainable Action for a Greener Environment (SAGE)

11.1 There are no specific SAGE implications.

Local Government Act, 1972 SECTION 100D (AS AMENDED) List of "Background Papers" used in the preparation of this report

Brief description of "background papers"

Contact :

Tony Qayum 0207 364 4773