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| REPORT TO: Audit Committee | DATE 31 March 2009 | CLASSIFICATION | REPORT NO. | AGENDA NO. |
| REPORT OF: Corporate Director, Resources | | Annual Anti Fraud Plan 2009/10 | | |
| ORIGINATING OFFICER(S): Service Head, Risk Management | | Ward(s) Affected: N/A | | |

1. SUMMARY

1.1 This report provides Audit Committee with a work plan for proactive and reactive anti fraud work in 2009/10.

2. RECOMMENDATIONS

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

3. INTRODUCTION

3.1 This report provides Audit Committee with a summary of the planned work to be carried out by the Corporate Anti Fraud Team in 2009/10.

3.2 Local Authorities in the United Kingdom are required to maintain high standards of probity and have sound arrangements for protecting the public purse. Sound systems of public accountability are also vital for effective management and in maintaining public confidence. This minimisation of losses from fraud and corruption is essential for ensuring that resources are used for their intended purpose.

3.3 The need for effective anti fraud work within local authorities has also been reflected by the Audit Commission, through the Use of Resources Assessment. The requirements highlight the expectations around the framework local authorities have in place in respect of the prevention and detection of fraud. As such, it is imperative that the Council has adequate processes, skills and resources to support anti fraud and corruption activities.

4. ANNUAL CORPORATE ANTI FRAUD PLAN 2009/10

- 4.1 This is the second year where we have provided a separate and specific plan for anti fraud work as previously it had been included within the Internal Audit Plan. This is to reflect the increasing priority of the service within Internal Audit.
- 4.2 The overall aims and objectives of this plan reflect the Council's Anti Fraud and Corruption Strategy. The key aims are to:
- Highlight and promote the Council's commitment to stop fraud and corruption;
 - Document the roles and responsibilities of Members and officers in respect of fraud and corruption;
 - Detail the current Council activity in respect of the five key elements of the Strategy, namely, prevention, detection, investigation, sanctions, and deterrence; and
 - Demonstrate the Council has sound arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and of fraud and corruption.
- 4.3 The key drivers used to compile the corporate anti fraud plan for 2009/10 has built on experience and takes account of the: -
- Fraud Risk Register (maintained by audit through training with services);
 - Management requests and priorities;
 - Local Knowledge;
 - Joint working arrangements - external (DWP, PCT, Police and other Local Authorities);
 - Joint Working arrangements – internal (payroll, pensions, parking services, benefits services, housing services; and
 - Issues identified from planned audit work;
 - Good Practice checklists from the CIPFA Publication-Managing the risk of Fraud- Red Book 2.
- 4.4 Our plan is attached as Appendix A. The focus of the plan is to:-
- Plan work for Tower Hamlets Homes that will include a pro active review of access to accommodation, including nominations, transfers, successions and management determinations;
 - Continue to support the Authority on providing assurance on data quality of the newly created National Indicators which have replaced the best value performance indicators;
 - Continue management of the National Fraud Initiative process for the Authority, ensuring we meet our requirements

under the Audit Commissions Code of Data Matching Practice and that the NFI 2009 exercise is appropriately resourced and finalised within prescribed deadlines;

- Ensure that the work of those engaged in Anti Fraud work supports the Council's Strategic Plan;
- Work jointly internally and externally by maintaining existing arrangements and developing better co-ordination;
- Continue to provide anti fraud training and awareness to members and officers;
- Continue to hold monthly meetings with the Assistant Chief Executive (Legal Services) on Governance issues;
- Ensure that the E-Learning tool for Ethical Governance is rolled out to all staff and Members during 2009;
- Publicise all our successes;
- Introduce Fraud line, a national Whistle blowing hotline number organised through LAML (London Authorities Mutual Limited) for receiving Insurance Fraud allegations;
- Ensure that Fraud Line is properly publicised in partnership with the PCT; and
- Ensure that all agreed timescales prescribed for the completion of investigation work are met and that all cases are adequately reported to senior management as part of our ongoing reporting procedures.

4.5 The plan makes provision for the existing resource plus a buy in of circa 100 additional days, which is 50% of that purchased in pervious years. These additional days will be delivered from existing resources.

4.6 The following table shows the Corporate Anti Fraud Team resources for 2009/10 and the resource required to complete the anti fraud work in 2009/10.

| Reactive resources | Days |
|------------------------------------|-------------------|
| Head of Audit Services | 180 |
| NFI co-ordinator and Fraud Manager | 200 |
| Additional bought in requirement | 100 |
| | <u>480</u> |

5. Comments of the Chief Financial Officer

5.1 These are contained within the body of this report.

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

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

7. One Tower Hamlets

7.1 There are no specific one Tower Hamlets considerations.

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

8. Risk Management Implications

8.1 The reviews identified as part of this plan inform the authority's risk environment and takes account of the anti fraud risk register.

9. Sustainable Action for a Greener Environment (SAGE)

9.1 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 :

Minesh Jani, 0738

APPENDIX A

| | No of days | Broad scope | Risk assessment | Source of Risk Area | Link with Corporate priorities |
|--|------------------|---|-----------------|------------------------------------|---|
| <u>Tower Hamlets Homes</u> | | | | | |
| Management Support and Advice | 5 | | H | | One Tower Hamlets Working efficiently and effectively as one Council. |
| Work carried forward incl. Whistle blows, RTB SI (Including attendance at Court Hearing) | 15 | The work in these areas has largely been completed following initial requests by management. There is likely to be follow up work following management consideration. | H | Various | One Tower Hamlets Working efficiently and effectively as one Council. |
| Anti Fraud Arrangements/ Joint Working- | 20 | This work includes the Fraud Forums, training with the service on Anti Fraud and Corruption Strategy, Money Laundering etc. There is also provision for in year unplanned investigations and support to management. | H | Legislative Requirement | One Tower Hamlets Working efficiently and effectively as one Council. |
| Pro active Anti Fraud Initiative | 10 | Overview of access to accommodation, including nominations, transfers, successions and management determinations. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| | <u>50</u> | | | | |

| | No of days | Broad scope | Risk assessment | Source of Risk Area | Link with Corporate priorities |
|--|------------|--|-----------------|------------------------------------|---|
| <u>Housing Client</u> | | | | | |
| NFI Management | 10 | This work will involve managing the Audit Commission Web base site, provision of training and support and monitor progress. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| | <u>10</u> | | | | |
| <u>Work in progress jobs B/F from 08/09</u> | <u>50</u> | | | | |
| | | | | | |
| <u>Proactive Training and Development</u> | | | | | |
| Anti fraud liaison groups development | 5 | This will involve close working with a number of our external partners including the Police, DWP and PCT. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| Anti fraud training and development for members and services- Includes multi module E-Learning package | 10 | This is an ongoing mechanism that seeks to embed good practice within the Council and will be enhanced by the introduction of our E- Learning package on Governance matters. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| | <u>15</u> | | | | |

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| <u>Overall Governance</u> | | | | | | | | | | |
| Audit Committee | | 10 | | | | H | | | | |
| Review of Complaints | | 5 | This work supports the Annual Governance Statement | | | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. | | |

| | No of days | Broad scope | Risk assessment | Source of Risk Area | Link with Corporate priorities |
|--|------------|---|-----------------|------------------------------------|---|
| FOI | 5 | Reactive responses to Freedom of Information requests for information. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| Money laundering- Training Module and compliance | 10 | This work enhances our existing arrangements for the proper disclosure of Money Laundering instances and will ensure we meet best practice. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| | <u>30</u> | | | | |
| <u>Joint working with other agencies</u> | | | | | |
| DWP joint working and referrals and EQ1 employee related proactive | 10 | This involves providing support to DWP referrals on staff related inquiries | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| Police referrals | 15 | Responding to Met Police referrals from both the local and specialist police functions. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |

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| Joint working with PCT | 20 | This will involve joint Risk Assessment of key Fraud Risks to both organisations and resultant joint working | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| Joint working and referrals from other LA's | 10 | Supporting inquiries from other Local Authorities where cases of suspected Fraud and Irregularity are identified. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| | <u>55</u> | | | | |
| <u>National Indicators</u> | | | | | |
| National Indicators* | 10 | This is a first year review of the new National Indicators and will form a key evaluation within the CAA process. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| LPSA / Strategic / Priority Indicators | 15 | This is an audit review of the remaining LPSA target outcomes to ensure the Councils funding claims are accurate and reliable. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |
| National Indicators Working Groups | 5 | Working with the each of the directorate performance teams and the corporate performance team on an evaluation of the adequacy of returns in preparation of the external | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. |

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|--|------------|--|---|---|------------------------------------|---|----------|
| | | | audit review. | | | | Council. |
| <i>* Management Role only- Deloitte delivering</i> | | | | | | | |
| | <u>30</u> | | | | | | |
| <u>National Fraud Initiatives</u> | | | | | | | |
| NFI 2009/10 management, overview and training | 40 | | This work will involve managing the Audit Commission Web base site, provision of training and support and monitoring progress for the Council as a whole. It will also include the provision of reporting to the Audit Commission in accordance with prescribed deadlines. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. | |
| NFI 2009/10 investigation | 75 | | This work will involve undertaking specific investigations of the outcome of the NFI 2009 on all matches and ensuring each case is adequately resolved. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. | |
| | <u>115</u> | | | | | | |
| <u>Planned other pro active work</u> | | | | | | | |
| Review of Homelessness Fraud Investigation unit | 10 | | This review will evaluate the effectiveness of processes and procedures to ensure that the risk of inappropriate use of scarce accommodation is minimised and that the service is achieving best practice. | H | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. | |
| Access controls- Review of recruitment vetting for new staff | 20 | | This review will evaluate the effectiveness of access to | H | Governance arrangements | One Tower Hamlets | |

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| | | | employment to the Council from both permanent and temporary staff to ensure systems are as robust as possible. | | | Working efficiently and effectively as one Council. |
| Anti Fraud Data Matching Testing | 20 | H | This will involve data matching various key financial systems to ensure that the data held is reliable and provides good evidence of the minimisation of fraud and or error. | Governance arrangements and Ethics | One Tower Hamlets Working efficiently and effectively as one Council. | |
| | <u>50</u> | | | | | |

| | No of days | Broad scope | Risk assessment | Source of Risk Area | Link with Corporate priorities |
|-----------------------------|-------------------|-------------|-----------------|---------------------|--------------------------------|
| <u>Contingencies</u> | | | | | |
| Proactive contingency | 50 | | | | |
| W/B contingency | 25 | | | | |
| | <u>75</u> | | | | |
| | | | | | |
| <u>TOTAL</u> | <u>480</u> | | | | |