

REPORT TO: Audit Committee	DATE 20 September 2011	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources		<i>Fraud Briefing from Protecting the Public Purse</i>		
ORIGINATING OFFICER(S): <i>Minesh Jani, Head of Risk Management and Audit</i>				
		<i>Ward(s) Affected: N/A</i>		

1. SUMMARY

- 1.1. The attached report summarises the work of the Audit Commission who compared Tower Hamlets performance in tackling a range of fraud with other similar authorities. The work of the Commission focused on seven specific types of frauds, highlighted as the most common from an earlier survey of all local authorities in England, these being; housing and council tax benefit fraud; single person discount fraud; housing tenancy fraud; social service fraud (personalised budgets); procurement fraud; Blue Badge fraud and recruitment fraud, payroll and employee contract fulfilment fraud and abuse of position fraud.

2. RECOMMENDATION

- 2.1. The Audit Committee is : -
- asked to note the contents of this report and to take account of the matters raised by the Audit Commission in their report; and
 - make suggestions and recommendations as it considers necessary to assist in the management of fraud risks.

3. NATIONAL PICTURE

- 3.1. The Audit Commission survey shows Councils and relevant bodies in England detected around 119,000 cases of fraud in 2009/10, valued at £135M. The report emphasises the point, these statistics are for *detected* fraud, the actual levels of fraud are likely to be far higher. The majority of detected fraud relates to Housing and Council Tax Benefit, totalling £99M in that year.

4. LOCAL PICTURE

- 4.1. The overall message from this report is that on the whole, Tower Hamlets compares favourably with other inner London Boroughs and others in its peer group in tackling fraud. In 2009/10, the Tower Hamlets detected fraud estimated at £1.3M. Within this, the traditional areas of known fraud such as housing and council tax benefit fraud are particularly well targeted. Our work on more recent initiatives such as tenancy fraud are shown as developing and the report suggests may still require further efforts. (A separate report on this is presented elsewhere in the agenda). The report recommends a number of areas where the risk profiling will be required to better understand fraud risks and how they may be managed better particularly around social services fraud, procurement fraud and recruitment fraud. The other general message that is coming out from the Audit Commission, the National Fraud Authority and others such as the “big 4” is fraud is on the increase and organisations need to be alert to this rising trend.
- 4.2. With this latter point in mind, and to ensure the risk of fraud risk is better managed, in March 2011, all Service Heads responsible for managing the types of frauds identified in this Audit Commission report were contacted and provided with details of how fraudsters can exploit their systems and case studies of what other authorities have done to manage fraud risks in their area better. It is envisaged Service Heads will use this information to safeguard the interests of the Council, particularly in this climate of financial restraint. The Corporate Fraud team will continue to alert Corporate Directors of significant frauds in line with normal protocols. This will alert Corporate Directors to fraud risks that have been exposed by fraudsters.
- 4.3. The Audit Commission will present this report to the Audit Committee on 20th September 2011.

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. This report highlights the potential areas of fraud risks that any local authority is likely to be exposed to. A considered assessment of the nature and impact of the fraud risks will allow the authority to make better use of its resources.

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 :

N/A

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