

## Agenda Item

**REPORT OF** DAP Partnership Manager

**To:** Audit & Governance Committee

**Subject:** Managing the Risk of Fraud and Corruption – Self Assessment

**Date:** 19th January 2021

**Reference:**

**PURPOSE OF REPORT:** To advise the Audit & Governance Committee of the results of a self assessment against the CIPFA code of practice on Managing the Risk of Fraud and corruption.

### 1. INTRODUCTION

CIPFA's Counter Fraud Centre has prepared a code of practice on managing the risk of fraud and corruption.

The guidance emphasises the need for public service organisations to take responsibility to embed effective standards for countering fraud and corruption in their organisation. This supports good governance and demonstrates effective financial stewardship and strong public management.

This guidance is supplemented by the government's "Fighting Fraud Locally – the Local Government Fraud Strategy".

### 2. THE SCALE OF FRAUD & CORRUPTION

It is accepted that fraud affects the UK across all sectors and causes significant harm. The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK. The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn, but more recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn (in 2017) of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

The estimated losses for local authorities (in 2013) are broken down in the following by identified fraud losses and hidden fraud losses:



## Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

Not all of the above fraud risks are relevant to Torridge, but the charts and information in the report, do provide guidance on possible fraud areas and how to prevent, detect and investigate such fraud.

### 3. SELF ASSESSMENT REPORT

The attached report is a self assessment of the standards in place at Torridge Council against the CIPFA code of practice (see Appendix A).

Members of the Committee will note that, by and large, effective and appropriate standards are in place. There is an ongoing need to ensure that policies and procedures follow best practice and legislative requirements, and regular updates of practices assists in this. Overall there are good principles to prevent, detect and investigate instances of fraud and corruption.

Internal Audit will continue to ensure that standards and practices are embedded, and remain effective at deterring and preventing fraud.

### 4. IMPLICATIONS

#### Legal Implications

Compliance with the CIPFA code of practice on Managing the Risk of Fraud and Corruption.

#### Financial Implications

None

#### Human Resources Implications

None

#### Sustainability Implications

None



Equality/Diversity

None

Risk Management

The external auditor provides members with assurance on the Financial Statements.

Compliance with Policies and Strategies

None

Ward Member and Lead Member Views

Not consulted in advance of meeting.

**5. CONCLUSIONS**

Overall the self assessment provides good assurance that sound and effective fraud prevention arrangements are in operation.

**6. RECOMMENDATIONS**

Committee are asked to note:

That Internal Audit reviews continue to ensure that procedures remain effective and are updated as required to counter new and emerging fraud threats.

**SUPPORTING INFORMATION**

Consultations: David Heyes, Finance Manager and Section 151 Officer

Contact Officer: Robert Hutchins, Head of Devon Audit Partnership

Background Papers: CIPFA code of Practice on Managing the Risk of Fraud and Corruption



