Corporate Fraud Services  
Business Plan  
2017-2018

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1 INTRODUCTION

1.1 Local Authorities have a duty\(^1\) to safeguard public funds and take responsible steps to ensure that controls are in operation to mitigate, prevent, detect and prosecute fraudulent activity. All Councillors and Officers are committed to a zero tolerance approach towards fraud and corruption in the administration of its responsibilities, whether inside or outside the Council area.

1.2 The Corporate Fraud Team continue to undertake dedicated fraud awareness training, prevention, detection, investigation and intelligence gathering activities throughout the year for all areas across the Council in order to protect public funds.

1.3 The Corporate Fraud Team receives referrals from internal staff, external agencies and other Departments along with anonymous referrals from members of the public. A confidential telephone fraud ‘hotline’ is available for members of the public to report their suspicion of fraud. The contact number is 01473 433999. Reports can also be made via the Council website: fraud@ipswich.gov.uk

2. NATIONAL LOCAL AUTHORITY CRIME

2.1 The loss and harm caused by fraud in the public sector is significant. The National Fraud Authority Annual Fraud Indicator showed an estimated annual loss of over £37.5 billion, 5.5% of the £694 billion spent by Central and Local Government in 2015. Private Sector fraud is estimated at £144 billion and Public Sector fraud is estimated at £337.5 billion. This financial loss does not calculate the cost of social harm caused by fraud.

2.2 Protecting the English Public Purse 2016 has been issued by The European Institute for Combatting Corruption And Fraud (TEICCAF), to continue the national series of Protecting the Public Purse reports previously published by the Audit Commission in 2014 and 2015. The report list areas directly impacting upon our Councils:

   a. Procurement Fraud – (£127 billion)
   b. Grant Fraud (£198 Million)
   c. Right to Buy (RTB) emerging as a significant area of fraud risk, with detected fraud cases more than (£46m) in 2015/6.
   d. Insurance fraud is continuing to rise, with the value and number of cases increased to the value of (£7.5m).
   e. Significant increase in cases of Social Care and direct payment fraud, school admissions and bank mandate fraud (covered by Suffolk CC)
   f. Councillor/Employee (corruption/Abuse of Position) Fraud an increase of 75% of cases during 2015/16
   g. Business rate evasion fraud cases.
   h. Blue Badge Fraud.
   i. Council Tax (£31.4M)
   j. Social Housing Fraud (£50M). Social housing fraud occurs when a home is occupied by someone who is either not legally entitled to be there, or obtained use of the property fraudulently. Social housing fraud deprives legitimate and deserving tenants access to affordable homes and has a direct impact on local people, their families and communities.

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3 AIMS & OBJECTIVES

3.1 The Corporate Fraud is committed to:

- Raising awareness of the importance of tackling fraud including appropriate fraud identification training;
- Focussing on prevention and deterrence as a cost-effective means of reducing fraud losses to protect public resources;
- Investigate potential fraudulent or corrupt activity and take appropriate action;
- Recovering losses from fraudulent activities, using legislation such as the Proceeds of Crime Act (POCA) 2002 to recover corporate losses;
- Working with other organisations to promote the Corporate Fraud Team in order to train, prevent, deter and detect fraud, and reduce loss through fraud and error, by selling the fraud services.

4 RESOURCES

4.1 The Corporate Fraud Team forms part of the Internal Audit Services Partnership with Suffolk Coastal District Council and Waveney District Council, which brings advantages for cross working and learning, and sharing training costs.

4.2 Ipswich Borough Council has two full time Corporate Fraud Investigators directed by the Head of Internal Audit (Accredited Counter Fraud Specialsit) and managed on a day to day basis by the Audit Manager who is also an Accredited Counter Fraud Specialsit. Additional Corporate Fraud resource is also available from the Partnership arrangement.

4.3 Corporate Fraud activity continues to rise along with the demand for the specialist services by neighbouring Councils and Housing Associations, who do not have such dedicated professional staff. To assist this additional corporate fraud work the Councils have purchased a fraud Case Management Computer System to assist in risk profiling, indexing and recording of all fraud cases.

4.4 Across the partnership there are three Accredited Financial Investigator accredited by the National Crime Agency. This provides a significant advantage to the Council as it enables us to recover financial losses due to criminal activity, as well as the ability to tackle broader criminal conduct. These services can also be provided to any local authorit.y or Housing Associations.

5. KEY ACTIVITIES 2017-18

5.1 Conduct fraud investigations during the year within any of the following key areas (as identified within Protecting the Public Purse 2015 and Protecting the English Public Purse 2016):

- Tenancy fraud
- Right to Buy (includes continuing due diligence support)
- Social Housing Applications
- Housing Succession Rights
- Housing waiting lists
- Council Tax Reduction Scheme (including proactive exercises)
• National Non Domestic Rates (Business Rates evasion)
• Procurement
• Abuse of position / Disciplinary cases
• Insurance claims
• Blue Badge Scheme (in partnership with Suffolk County Council)
• Economic and third sector supporting, including grants by SCC
• National Fraud Initiative Matches (statutory national exercise)
• Whistleblowing
• Payroll and Expenses
• Recruitment fraud (false CV’s, documentation, ID’s and right to work in the UK etc)
• Cyber Fraud Gateway to Homechoice application forms (due diligence support)

5.2 Provide fraud awareness training to services across the Council including Members and new Council employees.

5.3 Grow partnership working. With the ever increasing demand on fraud specialist resources the importance of working with interested partners continues to grow, taking into account the high fraud risk trends occurring across the Country.

5.4 Improve understanding across the Council, including Members, about the assistance the service can provide in many enforcement areas, not least, for the seizure of assets of offenders to recoup financial losses under the POCA 2002.

5.5 Publicising the work and results of the Corporate Fraud Service internally and to the public through the Council Press Office and compliance with the statutory obligations set in the Local Government Transparency Code 2015.

5.6 Undertaking National Fraud Initiative data matching activities and any local proactive fraud drives assessed as a priority by the Head of Internal Audit.

5.7 Continue to work closely with Internal Audit to assess fraud risks across the Council and improve processes to reduce such risks and perform joint proactive and reactive exercises when required.

5.8 Continue to undertake joint exercises with Suffolk County Council for Blue Badge enforcement and due diligence over other social grants with a view to prosecute perpetrators that dishonestly abuse this system. To publish these cases as a deterrent to others and observe the zero tolerance to fraud within the Councils.

5.9 Continue to maintain excellent working relationships with Registered Social Landlords within the area to provide support /fraud training with housing /tenancy fraud investigations as required.

6 Performance

6.1 An annual report on outputs will be presented to the Audit & Governance Committee, usually in June each year.

6.2 Outputs are monitored on a monthly basis by the Head of Audit Service.
7 Promotion

7.1 The Corporate Fraud Service will continue to:

a. Run monthly fraud clinics for all staff and Councillors
b. Provide bespoke anti-fraud culture training for all relevant services at team meetings
c. Advise and design anti-fraud training sessions run by the Human Resources Service
d. Run anti-fraud articles in IBC promotional material
e. Advertise the fraud hotline and fraud email wherever suitable e.g. current advert at the Ipswich Hospital
f. Publish key sanctions in the local and national press
g. Promote the service on the local radio.

7.2 The Corporate Fraud Service will adapt along with the changing face of crime to protect Ipswich Borough Council, the local and wider community.