

Report for Information

Report to Audit committee
29 November 2011
Report of Audit manager
Subject Audit commission fraud and corruption survey 2010-11

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Purpose

To review the council's response to the Audit Commission's fraud and corruption survey 2010-11.

Recommendation

Members are asked to note the report.

Financial Consequences

There are no direct financial consequences arising from this report.

Risk Management

The Audit Commission uses the data from the surveys to provide a summary of current and emerging fraud risks in the public sector. For councils there is the potential for using the results to inform strategic decision making about the scale, threat and impact of public sector fraud.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "One council:

- customer focus – putting customers at the heart of everything we do;
- continuous improvement of our services; and
- cost conscious – efficient and effective service delivery

Contact Officers

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Background Documents

Audit Commission – Protecting the Public Purse 2011

Report

Background

1. Every year the Audit Commission conducts a fraud survey to collect data on various frauds and acts of corruption in local government and related bodies. This report gives details of the council's response to the 2010-11 survey.
2. The Audit Commission needs the data to:
 - Inform the publication of Protecting the Public Purse. The 2011 report can be found at <http://www.audit-commission.gov.uk/fraud/protecting-the-public-purse/Pages/ppp2011.aspx>
 - Provide a summary of current and emerging fraud risks in the public sector
 - Inform the National Fraud Authority's annual assessment of the total value of fraud in the UK.
3. Submission of the information is required under section 48 of the Audit Commission Act 1998.
4. Responding to the survey is by way of a website portal, but a copy of our submission is attached at **annex 1** for members' information and review.

Key messages from the survey submission

5. In 2010-11 the council reported:
 - 109 cases of housing and council tax benefit fraud. This should be seen in the context of approximately 20,000 claimants as at the end of March 2011. There were six cases where the reported fraud value was over £10,000 (see Q.19.1 of the survey).
 - 36 successful prosecutions for housing and council tax benefit fraud
 - Six cases of housing sub-letting fraud (see Q.3.3), resulting in all six properties being reclaimed. **N.B.** These six cases are also included in Q.19.1, which asks for details of fraud cases over £10,000 (these are reported to the Audit Commission individually on form AF70). Although not specifically mentioned in the question, the Audit Commission confirmed that all housing frauds, also reported on form AF70 but without values, should be included in our response.
 - One case of council tax fraud in relation to single person discount
 - No cases of corruption.
6. For 2010-11 the council was able to give a positive response to Q.25, which reflects the improvements made to our counter fraud arrangements.
7. The survey has highlighted that further improvements can be made to our anti-money laundering and whistleblowing arrangements. These will be addressed during 2011-12.

Conclusion

8. The results of the survey will be used to inform the council's risk assessment for fraud and corruption and subsequent counter fraud plans and activity, which will be regularly reported to audit committee.

Norwich City Council

This page shows a summary of the responses made that you can save and/or print out for your records.

Topic: Public body information

Chapter: Public body information

*Name of public body	Norwich City Council
*Name of 151 Officer / Chief Financial Officer?	Barry Marshall
*Name of person completing the survey?	Steve Dowson
*Position of person completing the survey?	Audit Manager
*Telephone number of person completing the survey?	01603 212575
*Email address of person completing the survey?	stevedowson@norwich.gov.uk

Topic: Fraud cases

Chapter: Housing, Council or NNDR fraud

2. Housing benefit and council tax benefit fraud		
*2.1 Did you have any cases of housing benefit and/or council tax benefit fraud? If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*2.2 Number of cases	109	
*2.3 Value (£'s)	257525.19	
*2.4 Did any of these cases above involve employees or councillors?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2.5 Number of cases	<i>(No response given)</i>	
2.6 Value (£'s)	<i>(No response given)</i>	

3. Housing fraud non benefit		
*3.1 Provide the number of properties in your housing stock, both directly managed and via arms length management organisations (ALMOs)	15691	
*3.2 Did you have any cases of tenancy sub letting fraud? Note: This is where a tenant lets part, or all, of their home to somebody else contrary to the tenancy agreement. If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*3.3 Number of cases	6	
*3.4 Did any of these cases above involve employees or councillors?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
3.5 Number of cases	(No response given)	
*3.6 Did you have any cases of other tenancy fraud? Note: This could include issues such as fraudulent application or succession. If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
3.7 Number of cases	(No response given)	
3.8 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.9 Number of cases	(No response given)	
*3.10 Did you have any cases of 'right to buy' frauds? If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

3.11 Number of cases	(No response given)	
3.12 Value (£'s – please use the value of the discount)	(No response given)	
3.13 Did any of these cases above involve employees or councillors?	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3.14 Number of cases	(No response given)	
3.15 Value (£'s – please use the value of the discount)	(No response given)	
3.16 Do you assist other registered social landlords in your area in combating tenancy fraud?	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
*3.17 Please provide details	We raised awareness of the sub-letting initiative and invited the major RSLs to participate in a data-matching exercise – two joined in. We also offered to let them use the freephone hotline number to report housing frauds, but this was not taken up.	
4. Council tax fraud		
*4.1 Did you have any cases of council tax single person discount (SPD) fraud? Note: The total value, including previous years, of council tax owed when a decision during the year determined that the liable person was not entitled to SPD. If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
*4.2 Number of cases	1	
*4.3 Value (£'s)	303.74	
*4.4 Did any of these cases above involve employees or councillors?	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4.5 Number of cases	(No response given)	
4.6 Value (£'s)	(No response given)	

* 4.7 Did you have any cases of council tax fraud involving discounts and entitlements other than SPD?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.8 Number of cases	(No response given)	
4.9 Value (£'s)	(No response given)	
4.10 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.11 Number of cases	(No response given)	
4.12 Value (£'s)	(No response given)	
5. National non-domestic rates fraud		
<p>* 5.1 Did you have any cases of national non-domestic rates (NNDR) fraud?</p> <p>Note: This is any fraud linked to the avoidance of paying NNDR including, but not limited to: false company details; failure to declare occupation; and payment using false bank details.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.2 Number of cases	(No response given)	
5.3 Value (£'s)	(No response given)	
5.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.5 Number of cases	(No response given)	
5.6 Value (£'s)	(No response given)	

Chapter: Procurement, Insurance and Economic/ third sector fraud

6. Procurement fraud	
<p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	

<p>*6.1 Did you have any cases of procurement fraud?</p> <p>Note: This is any fraud linked to the false procurement of goods and services for the organisation either by internal or external persons or companies including, but not limited to: violation of procedures; manipulation of accounts; records or methods of payment; failure to supply; failure to supply to contractual standard.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.2 Number of cases	(No response given)	
6.3 Value (£'s)	(No response given)	
6.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.5 Number of cases	(No response given)	
6.6 Value (£'s)	(No response given)	
7. Fraudulent insurance claims		
<p>*7.1 Did you have any cases of fraudulent insurance claims?</p> <p>Note: This is any insurance claim against your organisation or your organisation's insurers that proves to be false.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.2 Number of cases	(No response given)	
7.3 Value (£'s)	(No response given)	
7.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.5 Number of cases	(No response given)	
7.6 Value (£'s)	(No response given)	

(Please note question 8 is not applicable to your type of organisation)

9. Economic and third sector support fraud

If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.

***9.1 Did you have any cases of economic and third sector support fraud?**

Note: This is any fraud that involves the false payment of grants, loans or any financial support to any private individual or company, charity, or non governmental organisation including, but not limited to: grants paid to landlords for property regeneration; donations to local sports clubs; loans or grants made to a charity.



Yes



No

9.2 Number of cases

(No response given)

9.3 Value (£'s)

(No response given)

9.4 Did any of these cases above involve employees or councillors?



Yes



No

9.5 Number of cases

(No response given)

9.6 Value (£'s)

(No response given)

Chapter: Debt, Pensions and Investment fraud**10. Debt Fraud**

***10.1 Did you have any cases of debt fraud?**

Note: This is any fraud linked to the avoidance of a debt to the organisation including, but not limited to: council tax liabilities (do not include SPD from question 4.1); rent arrears; false declarations; false instruments of payment or documentation.

If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.



Yes



No

10.2 Number of cases	(No response given)	
10.3 Value (£'s)	(No response given)	
10.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10.5 Number of cases	(No response given)	
10.6 Value (£'s)	(No response given)	
11. Pension Fraud		
<p>*11.1 Did you have any cases of pensions fraud?</p> <p>Note: This is any fraud relating to pension payments including, but not limited to: failure to declare changes of circumstances; false documentation; or continued payment acceptance after the death of the pensioner.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11.2 Number of cases	(No response given)	
11.3 Value (£'s)	(No response given)	
11.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11.5 Number of cases	(No response given)	
11.6 Value (£'s)	(No response given)	
12. Investment fraud		
<p>*12.1 Did you have any cases of investment fraud?</p> <p>Note: This is any fraud relating to investments including, but not limited to: the fraudulent misappropriation of assets; or loss through breach of procedures</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

12.2 Number of cases	(No response given)
12.3 Value (£'s)	(No response given)
12.4 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.5 Number of cases	(No response given)
12.6 Value (£'s)	(No response given)

Chapter: Payroll and Expenses fraud, Abuse of position and Other fraud

13. Payroll and employee contract fulfilment fraud	
<p>*13.1 Did you have any cases of payroll and contract fulfilment fraud?</p> <p>Note: This includes, but is not limited to: the creation of non existent employees; unauthorised incremental increases; the redirection or manipulation of payments; false sick claims; not working required hours; or not undertaking required duties.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
13.2 Number of cases	(No response given)
13.3 Value (£'s)	(No response given)
14. Expenses fraud	
<p>*14.1 Did you have any cases of employee expenses fraud?</p> <p>Note: This includes, but is not limited to: false declarations of mileage; false documentation to support allowances; breaches of authorisation and payment procedures.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

14.2 Number of cases	(No response given)	
14.3 Value (£'s)	(No response given)	
<p>*14.4 Did you have any cases of councillor expenses fraud?</p> <p>Note: This includes, but is not limited to: false declarations of mileage, false documentation to support allowances, breaches of authorisation and payment procedures.</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
14.5 Number of cases	(No response given)	
14.6 Value (£'s)	(No response given)	
<p>15. Abuse of position</p> <p>If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.</p>		
<p>*15.1 Did you have any cases of abuse of position for financial gain?</p> <p>Note: This could include frauds not reported elsewhere (the financial gain could be for the fraudster or other) including, but not limited to: the misappropriation or distribution of funds by someone taking advantage of their position such as payments officers, bursars or finance managers; or fraudulently securing a job for a friend or relative.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
15.2 Number of cases	(No response given)	
15.3 Value (£'s)	(No response given)	
<p>*15.4 Did you have any cases of manipulation of financial or non financial data?</p> <p>Note: This includes, but is not limited to: the falsifying of statistics to ensure</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

performance targets are met; or the adjustment of accounts to remain within set financial limits for the benefit of an individual or the organisation.		
If you had cases but do not record the number please answer 'yes' and record your answer as 'NR'.		

15.5 Number of cases	(No response given)
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16. Other fraud	
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*16.1 Did you have any other types of fraud?		
If you had cases but do not record the number and/or the value please answer 'yes' and record your answer as 'NR'.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

16.2 Please provide details	(No response given)
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16.3 Number of cases	(No response given)
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16.4 Value (£'s)	(No response given)
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16.5 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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16.6 Number of cases	(No response given)
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16.7 Value (£'s)	(No response given)
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Chapter: Disabled Parking, Recruitment fraud and fraud reporting

17. Disabled parking concessions (Blue Badge)	
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*17.1 Did you have any cases of disabled parking concessions (including false representation of renewal after legitimate holder has died)?		
If you had cases but do not record the number please answer 'yes' and record your answer as 'NR'.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

17.2 Number of cases	(No response given)
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17.3 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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17.4 Number of cases	(No response given)
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18. Recruitment fraud

<p>*18.1 Did you have any cases of recruitment fraud?</p> <p>Note: This could involve any applications, including attempts, to gain employment or subsequently where any of the details prove to be false including, including but not limited to: false identity, immigration (no right to work or reside); false qualifications; or false CVs.</p> <p>If you had cases but do not record the number please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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18.2 Number of cases	(No response given)
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<p>19. Fraud reporting</p> <p>External auditors are required to report to the Audit Commission all frauds over £10,000 and all incidents of corruption within the audited body – these reports are called AF70s.</p>	
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*19.1 Of all the fraud cases you have reported, in how many individual cases did the fraud value amount to over £10,000?	12
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<p>*19.2 Not included in figures elsewhere, how many incidents of corruption did you have involving a councillor?</p> <p>Note: Please see the glossary for the definition of corruption for the purpose of this survey.</p>	0
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*19.3 Not included in figures elsewhere, how many incidents of corruption did you have involving an employee?	0
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Topic: Prosecutions

Chapter: Fraud and Corruption Prosecutions

20. Housing benefit/council tax benefit fraud	
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<p>*20.1 Did you prosecute any cases of housing benefit and/or council tax fraud?</p> <p>Note: Please include cases where the first court hearing was held between 1 April 2010 and 31 March 2011.</p> <p>If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>*20.2 Number of cases</p>	<p>36</p>	
<p>*20.3 Did any of these cases above involve employees or councillors?</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>20.4 Number of cases</p>	<p>(No response given)</p>	
<p>*20.5 Did you have any housing benefit and/or council tax prosecutions that resulted in a guilty outcome?</p> <p>Note: Please include those cases where the offender was sentenced between 1 April 2010 and 31 March 2011.</p> <p>If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>*20.6 Number of cases</p>	<p>36</p>	
<p>*20.7 Did any of these cases above involve employees or councillors?</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>20.8 Number of cases</p>	<p>(No response given)</p>	
<p>21. Fraud (excluding housing and council tax benefit fraud)</p>		
<p>*21.1 Did you prosecute any cases of fraud?</p> <p>Note: Please include cases where the first court hearing was held between 1 April 2010 and 31 March 2011.</p> <p>If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>21.2 Number of cases</p>	<p>(No response given)</p>	

21.3 Did any of these prosecutions involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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21.4 Number of cases	<i>(No response given)</i>	
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<p>*21.5 Did you have any fraud prosecutions that resulted in a guilty outcome?</p> <p>Note: Please include those cases where the offender was sentenced between 1 April 2010 and 31 March 2011.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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21.6 Number of cases	<i>(No response given)</i>	
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21.7 Did any of these cases above involve employees or councillors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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21.8 Number of cases	<i>(No response given)</i>	
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22. Corruption prosecutions

<p>*22.1 Did you prosecute any cases of corruption?</p> <p>Note: Please include cases where the first court hearing was held between 1 April 2010 and 31 March 2011.</p> <p>If you had cases but do not record the number, please answer 'yes' and record your answer as 'NR'.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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22.2 Number of cases	<i>(No response given)</i>	
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<p>*22.3 Did you have any corruption prosecutions that resulted in a guilty outcome?</p> <p>Note: Please include those cases where the offender was sentenced between 1 April 2010 and 31 March 2011.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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22.4 Number of cases	<i>(No response given)</i>	
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Topic: Additional information

Chapter: Audit Committee and Policies

23. Audit Committee

*23.1 Do you have an audit committee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*23.2 Which of the following best describes your audit committee?	<input checked="" type="checkbox"/> A stand-alone audit committee <input type="checkbox"/> A wider committee that includes some or all of the functions of an audit committee	
24. Policies		
*24.1 Do you have an anti money laundering policy?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
24.2 Do you take active steps each year to raise awareness of this policy?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*24.3 Do you have a whistleblowing policy?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*24.4 Do you take active steps each year to raise awareness of this policy?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*24.5 Do those charged with governance annually review your whistleblowing Arrangements in line with British Standards PAS 1998:2008 'Whistleblowing arrangements Code of Practice'?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*24.6 How many whistleblowing cases did you centrally log in line with British Standards PAS 1998:2008 'Whistleblowing Arrangements Code of Practice'?	3	

Chapter: Counter fraud and corruption activity

25. Counter fraud and corruption activity		
*25.1 Do you have a dedicated counter fraud and corruption resource?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*25.2 Do you undertake an annual assessment of corporate fraud and corruption risk?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*25.3 Do you have a counter fraud and corruption plan?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

*25.4 Is this plan approved by councillors?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*25.5 Do you produce an annual report on counter fraud and corruption activity and performance?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*25.6 Is this annual report submitted to councillors?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
*25.7 Is this annual report made public?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Chapter: Fidelity guarantee insurance, Emerging risks, and Best practice

26. Fidelity guarantee insurance	
*26.1 Have you made any claims under your Fidelity guarantee insurance?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
26.2 Number of cases	(No response given)
26.3 Value (£'s)	(No response given)
26.4 Of these how many were successful?	
26.5 Number of cases	(No response given)
26.6 Value (£'s)	(No response given)
27. Emerging risks	
27.1 What emerging risk areas for fraud or corruption did you identify during 2010/11?	Fraud/collusion in the procurement process identified in service risk register
28. Best practice	
28. If you have any examples of counter fraud or corruption activity that you consider to be best practice please provide details	Joint working with county council to obtain resources to enable us to fully investigate matches from the National Fraud Initiative.