

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	24/02/2015
<b>Subject:</b> Pro-Active Anti-Fraud Plans, and Benchmarking: CIPFA code of practice; Managing the Risk of Fraud & Corruption	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Decision</b>

### Summary

This report provides Members with our pro-active anti-fraud plans for the next three financial years; 2015/16, 2016/17 & 2017/18. It also provides the outcome of our benchmarking against the recently released CIPFA code of practice 'Managing the Risk of Fraud & Corruption'.

Our pro-active anti-fraud plans detail the planned work streams for the Anti-Fraud & Investigation team over the next three financial years, and cover traditional fraud risk areas such as housing tenancy fraud and Council tax fraud, along with our fraud awareness activity and reviews of our fraud strategy and policy; they also detail work planned for more diverse areas including cyber fraud, business rates fraud and procurement fraud. The prioritisation of these work plans will be kept under regular review in light of emerging risks. Joint working between officers from the Anti-Fraud & Investigation team and the Internal Audit team will be undertaken in a small number of these reviews, drawing on the skills, experience, and expertise contained within the section.

The detailed benchmarking undertaken against the CIPFA code of practice 'Managing the Risk of Fraud & Corruption' has concluded that the City Corporation's counter-fraud & investigation response is, on the whole, aligned with the recommendations of this code. However a number of minor areas have been identified where additional work is required to fully comply with all the recommendations of the code; this work will be undertaken during the 2015/16 reporting year.

### Recommendation(s)

Members are asked to:

- Approve the pro-active anti-fraud plans for 2015/16, 2016/17 and 2017/18.
- Note the benchmarking against the CIPFA code of practice 'Managing the Risk of Fraud & Corruption'.
- Consider and agree the proposed statement for inclusion in the annual governance report with regard to the City's response to fraud & corruption, as detailed in the CIPFA code of practice 'Managing the Risk of Fraud & Corruption'.

## **Main Report**

### **Background**

1. This report provides Members with our Pro-active Anti-Fraud Plans for the next three financial years; 2015/16, 2016/17 & 2017/18, it also provides Members with the outcome of our benchmarking against the CIPFA code of practice 'Managing the Risk of Fraud & Corruption'.

### **Pro-active Anti-Fraud Plans**

2. In previous years the Anti-Fraud & Investigation team have worked to a one year Anti-Fraud Plan; following a review of our activities, aims and objectives for the team, and following the transfer of housing benefit investigation work to the Single Fraud Investigation Service, pro-active plans have been developed for the next three financial years, as set out in Appendix 1 to this report.
3. In addition to more traditional anti-fraud activities such as fraud awareness, housing tenancy fraud initiatives, anti-fraud & corruption strategy/ policy reviews and Council tax fraud initiatives, we intend to review fraud risks in more diverse areas including business rates, disabled parking permit, procurement and cyber fraud. Our initiatives in these areas seek to identify where fraud risks exist, the City Corporation's exposure to such risks and the measures that can be taken to further mitigate against fraud in these areas, along with the formulation of actions to pro-actively identify fraud & corruption where appropriate.
4. Our initiatives in the areas of procurement fraud and cyber fraud have been planned as joint working initiatives between officers from the Anti-Fraud & Investigation team and the Internal Audit team, drawing on the skills, experience, and expertise contained within the section; it is expected that by undertaking these initiatives in such a manner, a holistic review of fraud risks in these areas will be effectively identified.
5. It is important to note that these plans have been developed on the basis of the current resourcing of the team, and that the plans may be subject to change and/or revision over the course of the coming years, in response to any changes to current resourcing, business needs, and where priority reactive anti-fraud and investigation work becomes necessary.

### **CIPFA Code of Practice; Managing the Risk of fraud and Corruption**

6. Members were advised of the publication of the CIPFA code of practice 'Managing the Risk of Fraud & Corruption' as part of our Anti-Fraud & Investigation up-date report in December 2014. Members were also advised that we would be undertaking a benchmarking exercise against this code reporting our findings to this Committee in February 2015.
7. Our benchmarking against this code has now been completed and is included at Appendix 2 to this report. Our position remains the same as that advised to

Members at December Committee, that the City Corporation's counter-fraud and investigation activity is, on the whole, in alignment with the recommendations set out in the code.

8. Our benchmarking identified several minor areas where additional work is necessary in order to fully align with all the codes recommendations; a review of cyber fraud risks and the up-dating of the Corporate Anti-Fraud & Corruption Strategy will be completed as part of the work planned for 2015/16. We will likewise be working closely with the Corporate Risk Advisor to ensure that departmental risk registers accurately reflect the fraud risks in those areas, and to review the use of the Covalent, Risk Management software to ensure that fraud risks are routinely considered.
9. It is proposed to include the following reference about our adherence to this code as a matter of best practice within the City Corporation's Annual Governance Statement, made by the Town Clerk & Chief Executive and the Chairman of the Policy & Resources Committee

*Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.*

10. It is my recommendation that this statement is appropriate to the City Corporation, and should be made, subject to the actions identified as part of our benchmarking activity detailed in Appendix 2. Members are asked to consider and agree to this recommendation.

## **Conclusion**

11. Our pro-active anti-fraud plans for the next three financial years detail the fraud work the team intend to undertake over a longer term period, these plans focus on traditional and recognised fraud risks affecting the City Corporation, whilst diversifying into new areas designed to understand where fraud risks exist on a more holistic basis. The detailed benchmarking against the CIPFA Code of Practice 'Managing the Risk of Fraud & Corruption' concludes that the City Corporation's counter-fraud and investigation activity is, on the whole, in alignment with the recommendations set out in the code. A number of minor actions have been identified to fully comply with the code which will be completed during 2015/16.

## **Appendices**

- Appendix 1: Pro-Active Anti-Fraud Plans 2015/16 to 2017/18
- Appendix 2: CIPFA Code of Practice: Managing the Risk of Fraud & Corruption Benchmarking Report.
- Appendix 3: CIPFA Code of Practice: Managing the Risk of Fraud & Corruption,

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