

Annual Fraud Report

2017 - 18

Winchester City Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

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1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership's approach to support the management of the risk of fraud and corruption within Winchester City Council.

Winchester City Council promotes a zero tolerance culture to fraud and corruption:

'The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside of the authority....' (WCC - Anti Fraud & Corruption Policy)

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti Fraud & Anti Corruption Strategy; Anti Fraud & Corruption Response Plan; Whistleblowing Policy; and Anti Bribery Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.



2. Reactive Fraud Activity

The Southern Internal Audit Partnership work with Winchester City Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti Fraud & Corruption Policy and Response Plan.

Recent history has demonstrated that given the size and diversity of the organisation, relatively low levels of activity have been required in respect of reactive fraud work in Winchester City Council.

Analysis is provided (fig. 1) highlighting the fraud types that have been subject to internal audit investigation across Winchester City Council over the last two years. It should be acknowledged that the figures relate to areas of investigation and not proven fraud.

Many of the 'fraud types' evident in the table are reflective of national trends and as such are not issues unique to Winchester City Council.

Type	16/17	17/18
Procurement		1
Theft		1
P-Card		
False Representation		4
Cyber		
Expenses	1	
Total	1	6

Fig.1

3. Proactive Approach

Whilst the established process to reactive fraud assists the Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation. Initiatives and subsequent outcomes during the year included:

Social Housing – The illegal sub-letting of social housing is nationally recognised as a significant fraud risk. During the year we undertook a review of the Council’s susceptibility to social housing fraud. Overall, we established that the Council has a sound framework of controls in place to minimise its exposure to the risk of fraud in this area.

Joint Working Initiatives – Following receipt of a joint correspondence from the DCLG and DWP in October 2017 Winchester City Council completed an expressions of interest to work with Government to more efficiently and effectively fight local fraud and corruption.

The initiative builds on DWP’s work with council fraud teams, on joint criminal fraud investigations of the Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud within Unitary and Tier 2 councils.

DWP’s Joint Working project team continue to develop the principles of including other types of Local Authority (incl. County Council payments) within joint criminal fraud investigations and work is underway to establish the extent of data sharing and disclosure allowed under existing legislation in order to expand the scope further. We look forward to working with colleagues across Government throughout 2018/19 as initiatives and opportunities present.

National Fraud Initiative (NFI) - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to NFI on a regular basis (every two years). The last NFI data upload was carried out in October 2016 with match reports received and disseminated to key contacts in January 2017. No significant issues have been identified as part of this work.

A further NFI data upload will be carried out in October 2018 and new match reports available for review in January / February 2019. Service areas will continue to work on existing matches received from the 2017 match reports that have yet to be reviewed.

4. Ongoing initiatives

We have maintained a number of initiatives throughout the year to ensure internal audit remains responsive to the fraud needs of the Council and maintain consistently high standards:

- Fraud Awareness Bulletin's, providing oversight of emerging fraud risk threats and advice;
- Completion and receipt of outcomes from the CIPFA Fraud Survey;
- Compliance with the Public Sector Internal Audit Standards;
- Discharge responsibilities within the Council's Whistle blowing policy.

5. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Winchester City Council with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
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