

AUDIT COMMITTEE - 28 February 2014

Title of paper:	PROTECTING THE PUBLIC PURSE 2013		
Director(s)/ Corporate Director(s):	DIRECTOR OF STRATEGIC FINANCE	Wards affected: All	
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Other colleagues who have provided input:			
Recommendation(s):			
1	Note and comment on the Audit Commission's findings and recommendations.		

1. REASONS FOR RECOMMENDATIONS

This report summarises key messages derived from the Audit Commission Report Protecting the Public Purse 2013 (PPP).

- 1.1. Fraud costs local government an estimated £2 billion pound a year. Every pound lost through fraud is not available to meet council objectives and provide public services.
- 1.2. The harm caused by fraud is not just financial. It deprives citizens of services and ultimately affects a Council's reputation and undermines public trust.
- 1.3. Generally fewer frauds were detected in 2012/13 than in 2011/12. This may be due to the reduction in Council's capacity to investigate fraud due to austerity measures.
- 1.4. The report draws on a number of case studies demonstrating good practice, including using Nottingham City Council's pro-active approach to identifying potential Single Person Discount fraud which resulted in an estimated additional collectable £1.2 million Council Tax.
- 1.5. Council's face must face challenges due to reduced funding and new national counter-fraud arrangements. In order to effectively counter fraud Council's should plan to focus on non-benefit fraud and maintain their capacity to investigate it following the introduction of the Single Fraud Investigation Services
- 1.6. Councillors have a crucial role in deterring and detecting fraud by providing corporate leadership demonstrating a zero tolerance towards fraud and ensuring associated counter fraud policies and procedures are in place and used.

1.7. In summary the City Council has made many of the arrangements outlined in the report, including:-

- Using Audit Commission best practice guidance for developing fraud arrangements
- Investigating frauds identified via data matching exercises including the National Fraud Initiative
- Promoting a rigorous counter fraud culture
- Developing a clear Counter Fraud Strategy (CFS)
- Ensuring sufficient resources are available to tackle fraud
- Using resources effectively, including working in partnership where feasible
- Preparing for the introduction of the SFIS

1.8. The proposed internal Audit Plan for 2014/15 includes a review of the effectiveness of the Council's Counter Fraud arrangements as measured against the good practice reflected in the report. The results of this review will be presented to this Committee.

2. BACKGROUND

2.1. Good governance policies and procedures are essential when allocating and controlling Council resources and supporting effective delivery of the Council's strategic and operational objectives.

2.2. The Committee endorsed the CFS at its 29 November 2013 meeting, expressing the Council's zero tolerance towards fraud.

2.3. The CFS emphasises that the Council expects its culture to be one of honesty and opposition to fraud. Councillors and colleagues at all levels are expected to lead by example by personally complying with and ensuring wider and comprehensive adherence to rules, procedures and practices which should feature straightforward, effective, well documented controls that are legally sound and honest.

2.4. The Audit Commission annually reviews the incidences of fraud reported by local authorities. PPP is a report summarising its findings and reflecting on the trends found.

2.5. The purpose of the publication is to enable council's to develop focused plans and strategies for tackling fraud; and target resources on are as where prevention and detection can have the most impact.

2.6. KPMG, the Council's External Auditor, are in attendance at this meeting to discuss an Audit Commission presentation on the publication and answer the Committees questions.

3. **BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

None

4. **PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Counter Fraud Strategy – Audit Committee, 29 November 2013

Protecting the Public Purse 2013 – Audit Commission

<http://www.audit-commission.gov.uk/2013/11/protecting-the-public-purse-2013/>