

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	25th April 2012
3.	Title:	“Fighting Fraud Locally” Strategy
4.	Directorate:	Resources

5. Summary

The Government has indicated a step change in how seriously it considers the issue of fraud in the public sector through a Cabinet Office Counter Fraud Task Force and a strategy (entitled 'Fighting Fraud Together'), designed to reduce fraud affecting the country and its economy.

In response, the National Fraud Authority (NFA) has developed a strategy for tackling fraud in local government - 'Fighting Fraud Locally' – which calls upon Local Government to review its anti-fraud arrangements and makes several recommendations for the improvement of these now and into the future.

The Audit Committee considered revisions to the Council's anti-fraud arrangements at its meeting in January 2012, taking into account the Audit Commission's 'Protecting the Public Purse' and the Bribery Act. The Council's arrangements are consistent with the Fighting Fraud Locally strategy.

The 'Fighting Fraud Locally' strategy also recognises that local authorities are currently constrained in their response to fraud and urges the Government to resolve key issues that contribute to this.

6. Recommendations

The Audit Committee is asked to note the publication of the “Fighting Fraud Locally” strategy and the consistency of the Council's arrangements with it.

7. Proposals and Details.

- 7.1 The NFA estimates that in the UK, fraud costs public services an estimated £21 billion and, within this figure, fraud costs local government in the region of £2.1 billion per annum and is increasing significantly.

The Government has indicated a step change in how seriously it considers the issue of fraud in the public sector through a Cabinet Office Counter Fraud Task Force and a strategy (entitled 'Fighting Fraud Together'), designed to reduce fraud affecting the country and its economy,.

Fighting Fraud Together [FFT] was published on 12 October 2011. 37 organisations initially signed up to the strategy, covering all sectors:

- Public
- Private
- Voluntary
- Regulators
- Law enforcement

- 7.2 Fighting Fraud Together is a partnership approach to detecting, preventing and tackling fraud. Fighting Fraud Locally [FFL] is the Local Government element of FFT.

The strategy includes recommendations for both Central and Local Government to create an environment where fraud can be and is tackled effectively.

Fighting Fraud Locally is the first sector-led strategy developed under Fighting Fraud Together. The content arises from practitioners and 'experts' in the sector. The role of the National Fraud Authority has been to coordinate and catalyse action and bring partners together.

The FFL strategy has had widespread engagement:

- Over 400 LA stakeholders
- 11 workshops
- Working-level advisory board

The FFL 'Vision' is:

"By 2015 local government will be more resilient to the fraud threat, for example:

- *Local authorities will have a greater understanding of their fraud threat*
- *There will have been a radical realignment of the counter fraud response*
- *New collaborative arrangements will be in place to combat cross boundary fraud."*

The NFA / Government state that FFL needs to be 'owned' and implemented by local government but supported by central government and with collaboration from the private sector. The NFA will provide tools to help local authorities address fraud risks

7.3 Why Fighting Fraud Locally and Why Now?

The strategy suggests the following reasons as the drivers for the focus on fraud now:

- The Changing Context
 - To the way services are delivered
 - Regulatory landscape
 - Increased fraud risk
- A New Partnership
 - Between local authorities
 - Between local and central government
 - Between local authorities and enforcement agencies
- A New Approach
 - Acknowledge
 - Prevent
 - Enforce
- Collaborating and sharing
 - Good practice
 - Data and information
 - Services

7.4 Implications for Local Government

The NFA calls upon Local Government to review its anti-fraud arrangements and makes several recommendations for improvement of these now and into the future. Anti-fraud arrangements should be based on the following.

- Acknowledge: Local government must acknowledge and understand its fraud risks
- Prevent: Preventing fraud is the most efficient way to reduce fraud loss
- Enforce: A strengthened response to punish fraudsters and recover losses.

An extract from the strategy, summarising the approach, is attached at Appendix A

The Audit Committee considered revisions to the Council's anti-fraud arrangements at its meeting in January 2012, taking into account the Audit Commission's 'Protecting the Public Purse' and the Bribery Act. The Council's arrangements are consistent with the Fighting Fraud Locally strategy.

7.5 Implications for Central Government

The strategy recognises that local authorities are currently constrained in their response to fraud and urges the Government to resolve key issues that contribute to this:

(1) Information sharing barriers

- Barriers to efficient and effective information sharing
- Government to explore the need for a new power to share information to counter fraud

(2) Incentives

- Perverse incentives mean some frauds are not worth investigating
- Government to examine how to incentivise local authority counter fraud work

(3) Powers

- There is a lack of powers to investigate non-benefit fraud
- Working group to be set up to look at what powers are needed for accredited local authority staff to investigate non-benefit fraud

(4) National Fraud Initiative (NFI)

- The NFI to continue as a key part of the local government counter fraud infrastructure
- To ensure that new governance of the NFI includes Local Authorities

8. Finance.

There are no direct financial implications arising from this report.

9. Risks and Uncertainties.

Failure to ensure RMBC's anti-fraud arrangements are in line with the FFL Strategy could expose the Council to increased risks of fraud & corruption and damage to reputation.

10. Policy and Performance Agenda Implications.

The existence of anti-fraud arrangements, in line with the FFL Strategy, will contribute towards good governance.

11. Background Papers and Consultation.

A copy of the fighting fraud locally document has been sent electronically to Members of the Audit Committee.

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Appendices:

Appendix A A Strategy to Tackle Fraud Locally

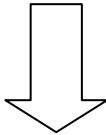
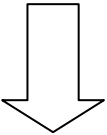
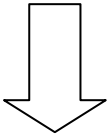
Appendix A A Strategy to Tackle Fraud Locally

Local government will be better able to protect itself from fraud and will provide a more effective fraud response.

Acknowledgement
Acknowledging and understanding fraud risks

Prevent
Preventing and detecting more fraud

Enforce
Being stronger in punishing fraud and recovering losses



- Assessing and understanding fraud risks
- Committing support and resource to tackling fraud
- Maintaining a robust anti-fraud response

- Making better use of information and technology
- Enhancing fraud controls and processes
- Developing a more effective anti-fraud culture

- Prioritising fraud recovery and the use of civil sanctions
- Developing capability and capacity to punish fraudsters
- Collaborating with law enforcement