

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

13 October 2009

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 PROTECTING THE PUBLIC PURSE

This report informs Members of the Audit Commission “Protecting the Public Purse”

1.1 Introduction

- 1.1.1 The Audit Commission have recently issued the above publication that reports on the key fraud risks and pressures facing Councils and identifying good practice in fighting fraud.
- 1.1.2 Members can access an electronic version of the report on the Audit Commission website http://www.audit-commission.gov.uk/localgov/nationalstudies/Pages/20090915protectingthepublicpurse_copy.aspx

1.2 Messages from the report

- 1.2.1 The report provides an overview of the threats of fraud that are facing Councils and calls on them to urgently reassess their counter fraud plans, educate staff and to ensure faith in their whistle blowing policy.
- 1.2.2 The report focuses on areas that they consider need more attention, housing tenancy fraud, single person discount and recruitment fraud. The areas that Councils need to remain focused upon, housing benefit, council tax benefit, procurement, insurance claims and abuse of position.
- 1.2.3 The pressures on local authorities that might create additional fraudulent threats are identified together with strategies to manage the risks identified.
- 1.2.4 There is also a checklist for those charged with governance to use as a template for best practice and to identify potential areas of improvement. This is supported by a number of case studies throughout the report that are used to demonstrate the risks. The checklist is attached at **[Annex 1]** which I shall complete this over

the next few weeks and bring back to the next meeting (February 2010) of the committee.

1.3 Action Required

- 1.3.1 The key message coming out from the report is that resources need to be spent on preventing fraud and error. The checklist is a good starting place for assessing our strengths and weaknesses. The timing of this report also coincides with initial work carried out assessing the Audit Committee against the CIPFA checklist for the role of Audit Committees. Both of these publications refer to the CIPFA Red Book on fraud that also contains a checklist for fraud prevention.
- 1.3.2 There is no room for complacency with regard to fraud prevention and these publications provide the ideal reference point for a full review of preventing fraud and error to be carried out to ensure that best practice is maintained.

1.4 Legal Implications

- 1.4.1 The Accounts and Audit Regulations require proper accounting procedures to be in place.

1.5 Financial and Value for Money Considerations

- 1.5.1 A successful environment of zero tolerance towards fraud can prevent losses. This Council has had sound internal controls for a number of years with very few significant non-benefit related frauds occurring.

1.6 Risk Assessment

- 1.6.1 With a weak control environment the level of fraud that remains undetected can be costly. The general belief is that there is a direct correlation between recession and a rising level of fraud.
- 1.6.2 Raising staff awareness of fraud prevention and how to raise concerns could result in an increase of incidents that may have previously been unreported but it can also assist in reducing levels of fraud and error.

1.7 Recommendation

- 1.7.1 It is **recommended** that a review is undertaken of fraud prevention measures in line with the publications mentioned in this report with a view to reporting the outcome at the next meeting of this Committee.

Background papers:

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Nil

David Buckley
Chief Internal Auditor