

INTERNAL AUDIT ANNUAL FRAUD AND IRREGULARITY REPORT 2016/17**AUDIT COMMITTEE
MEETING DATE 2016/17****26 June 2017****CLASSIFICATION:****Open****If exempt, the reason will be listed in the
main body of this report.****WARD(S) AFFECTED****All Wards****CORPORATE DIRECTOR****Ian Williams Group Director of Finance and Corporate Resources**

1. INTRODUCTION AND PURPOSE

- 1.1 This report introduces the Annual Fraud and Irregularity Report 2016/17. The attached documents provide status reports and analysis of reported fraud and irregularity within the London Borough of Hackney.
- 1.2 This report is presented for information and comment and forms part of the Committee's role in overseeing corporate governance.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

Note the content of this report and comment accordingly.

3. REASONS FOR DECISION

- 3.1 Not applicable – no decision is required.

4. BACKGROUND

Anti-fraud work is an important part of Hackney's control environment and helps to ensure the proper administration of financial affairs. The risk of fraud is present in many of the activities that the Council undertakes. It is essential that officers are aware of the possible consequences of fraud and the financial implications for services so that an informed decision can be made about the controls in place to mitigate the threat.

It is also vital that Members understand the potential for fraud when holding services to account and when making corporate level decisions.

The report includes accounts of tangible financial outcomes from fraud investigation work carried out in 2016/17 which is summarised in the table below:

Investigation area	Estimated saving arising from enquiries
Tenancy Fraud	£3,833,300
Overstaying Families	£2,179,362
National Fraud Initiative 2016	£170,223
Blue Badge	£20,685
Total	£6,203,570

This report forms part of the evidence supporting the Council's Annual Governance Statement. In line with Financial Procedure Rules (FPR 4.5), this report is presented to the Audit Committee as part of the requirement to report work undertaken by the Audit & Anti-Fraud Division.

4.1 Policy Context

All investigation work is undertaken in compliance with relevant legislation and Council policy, including the Anti-Fraud and Corruption Policy, Member and Officer Codes of Conduct, RIPA Policy, Anti-Money Laundering Policy and Whistleblowing Policy.

4.2 Equality Impact Assessment

For the purposes of this report an Equality Impact Assessment is not applicable, although all investigation work is carried out in compliance with the Council's Equality policies.

4.3 Sustainability

Not applicable – This report contains no new impacts on the physical and social environment.

4.4 Consultations

Not applicable.

4.5 Risk Assessment

Anti-fraud work is subject to risk assessment to ensure that the most significant threats are adequately addressed, and emerging concerns are tackled. The risk of fraud is likely to be greatest where money or other assets are allocated in the course of operational activities, and these should be considered as part of the risk assessment process and recorded on relevant risk registers where appropriate.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

5.1 There are no financial implications arising from this report as the costs of providing the investigation service are included within the Council's base budget.

5.2 An effective investigation service is important to help ensure that public funds are used appropriately, to enable sanctions where suitable, and to deter fraudsters from targeting the Council.

6. COMMENTS OF THE DIRECTOR OF LEGAL

6.1 *The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its' financial management is adequate and effective and that it has*

a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.

- 6.2 *The Audit Committee is asked to note the report on the Audit Investigation Service's work during 2016/17. There are no immediate legal implications arising from the report.*

APPENDICES

Appendix 1 – Annual Fraud and Irregularity Report 2016/17

BACKGROUND PAPERS

None

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