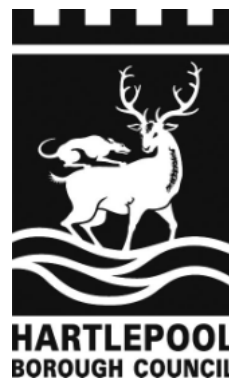


AUDIT COMMITTEE AGENDA



Wednesday, 25 August 2010

at 9.00 am

in Committee Room A, Civic Centre, Hartlepool

MEMBERS: AUDIT COMMITTEE:

Councillors C Akers-Belcher, Hall, Hill, J W Marshall, McKenna, Preece and Turner

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 25 June 2010
4. **ITEMS FOR DISCUSSION/DECISION**
 - 4.1 National Fraud Initiative Update – *Chief Finance Officer*
5. **ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT**

AUDIT COMMITTEE

MINUTES AND DECISION RECORD

25th June 2010

The meeting commenced at 9.00 a.m. in the Civic Centre, Hartlepool

Present:

Councillor Christopher Akers-Belcher (In the Chair)

Councillors Gerard Hall, Cath Hill, John W Marshall, Arthur Preece and Mike Turner

Officers: Chris Little, Chief Finance Officer
Noel Adamson, Head of Audit and Governance
Sandra Shears, Head of Finance (Corporate)
Jo Wilson, Democratic Services Officer

Audit Commission Representatives:
Diane Harold and Sue Reeve

1. Apologies for Absence

None

2. Declarations of interest by members

None

3. Confirmation of the minutes of the meeting held on 18th May 2010

Confirmed – with reference to minute no 28 'Role of the Chief Finance Officer in Public Service Organisation' the chair queried whether members were clear on the issue of receipts for Local Authority expenditure over £500 being available for public verification. Members advised that they were.

4. Audit Commission Report – Audit Option Plan *(Chief Finance Officer)*

Purpose of report

To inform Members of the Audit Commission that arrangements have been made for a representative from the Audit Commission to be in attendance at this meeting to present the content of the Audit Commissions Audit Option

Plan Report.

Issue(s) for consideration by the Committee

The report set out the audit work that the Audit Commission proposed to undertake for the audit of financial statements 2009/10. This would be based on their risk-based approach to audit planning, reflecting the audit work specified by the Audit Commission for 2009/10, current national risks relevant to local circumstances and local risks. Details of the specific risks and audit response to them were provided within the Plan and outlined by Diane Harold. The detailed audit would commence at the end of July with the Annual Governance Report to be considered by the Committee in September.

A copy of the Audit Opinion Plan was appended to the report for members' attention. Ms Harold confirmed that the auditing fee had not been changed from that quoted on the original plan.

Decision

That the report of the Audit Commission be noted

5. Audit Commission Report – Audit Progress (*Chief Finance Officer*)

Purpose of report

To inform members of the Audit Committee that arrangements have been made for a representative from Audit Commission to be in attendance at this meeting to present the content of the Audit Commissions Audit Progress Report

Issue(s) for consideration by the Committee

The report reflected progress on the external audit of Hartlepool Borough Council as at 10th June 2010. Interim work was being completed for the 2009/10 audit and initial planning for the 2010/11 audit was complete.

Ms Harold highlighted the inclusion of a letter from the Audit Commission Managing Director informing local authorities of the recent abolition of the Comprehensive Area Assessment (CAA). Members chose to see this as a positive move to save money, with the Chair commenting that it would reduce the amount of bureaucracy while providing the same outcome in terms of value for money. Ms Harold acknowledged these views but felt the CAA had driven improvements in some areas. She advised members that given this and other anticipated budget cuts the annual fee letter was expected to differ significantly from that included in the papers. Use of Resources work had also been abolished and the Use of Resources report which had recently been prepared had now been scrapped. However financial statements would continue to be audited and value for money conclusions provided. Members referred to the assurance the audit process gave to the general public and the difficulty in achieving a balance between onerous inspections and providing an adequate level of assurance. Ms Harold felt the Audit Commission would

be scaled down considerably but was unable to speculate any further. Concerns were also raised at the expectation of fewer staff being given additional work to reduced timescales.

The Chair referred to the National Fraud Initiative (NFI), querying whether this was giving value for money. He also commented upon the use of agency staff. Council had recommended that a working group be formed to investigate these issues. The Chief Finance Officer advised that the National Fraud Initiative provided lots of good leads for the fraud team, the overwhelming majority being benefit fraud. He acknowledged that the cost of investigation was often more than the benefits recouped but felt it was important that the council be seen to be investigating even relatively minor transgressions. Ms Harold would bring a schedule identifying levels of fraud discovered by the NFI to a future meeting. The Chair queried whether detailed information on expenditure and outcome could be provided to members possibly as part of the Internal Audit Plan or governance arrangements.

In terms of agency staff the Chief Finance Officer indicated that amount of agency staff employed to deal with benefit claims and fraud had increased due to recession and associated job losses. Benefits needed to be processed as quickly as possible in order to provide people with funds and agency staff were usually the best way to do this given the specialist nature of the work. These additional costs had been funded from additional grant funding provided by the Government. There were however long term plans to move away from agency staff.

Members queried whether tax fraud was investigated but were advised that this was not within the Council's remit. Reference was made to Government proposals to investigate the UK's 6 largest accountancy firms, following criticism that lower end fraudsters were being pursued at the expense of larger companies.

The Chair referred to a lack of consultation with members regarding the annual fee letter. Ms Harold advised that advanced consultation was carried out if this was felt necessary but reports were not usually taken to Cabinet or Scrutiny meetings. Any issues that were raised would be discussed with the Audit Commission during their regular liaison meetings. The Chair felt scrutiny investigation might be helpful and suggested officers liaise with the Chair of Scrutiny Co-ordinating Committee also.

Decision

That the report of the Audit Commission be noted.

6. Internal Audit Plan 2010/11 Update *(Head of Audit and Governance)*

Purpose of report

To inform members of the progress made to date completing the internal audit plan for 2010/11

Issue(s) for consideration by the Committee

Members were reminded that Appendix A of the report detailed the pieces of work that had been completed. Internal Audit staff had also been involved with the following working groups:-

Information Governance Group
Procurement Working Group
Performance and Risk Management Group

The Audit Section had received data matches from the Audit Commission in relation to the National Fraud Initiative for 2008/09 and along with the Benefit Fraud Team were currently investigating any anomalies identified.

Appendix B to the report detailed the audits currently ongoing. The Tall Ships audit was highlighted in particular. Members queried whether the public would have access to information regarding how much revenue had been made from the event against how much had been spent. The Chief Finance Officer reported that the Tall Ships was no different to any other budget. Details would be included in the quarter monitoring report and outturns would be brought back to the committee after the event. There were robust procedures in place to control risks however the biggest risk was in terms of income from park and ride and tourism. Money had been set aside to mitigate against possible indement weather and the resultant reduction in footfall. The Chair advised that ongoing maintenance in his ward had been shelved because budgets had been redirected to the Tall Ships and asked whether this had been factored in. The Chief Finance Officer advised that very specific budgets had been set for the Tall Ships with no monies being taken from other areas. He was unable however to confirm staffing effects but would query this with the Director of Regeneration and Neighbourhoods.

The Chair referred to the audit on council tax, noting the lack of information on data matching carried out in relation to single person discounts. The Head of Audit and Governance advised that the review of the provision of this service was outside the Council's audit remit however council tax discount procedures were all checked as part of the council tax audit to ensure the relevant processes were in place. The Chief Finance Officer added that a focussed review of single person discounts had been conducted over a 3 year period and while a lot of ineligible claims had been found in the first year this had reduced significantly in the following years demonstrating a hard core of fraudsters rather than an endemic problem. The Chair questioned whether it

would be valuable to repeat this review every year or on a 3 yearly basis. The Chief Finance Officer felt that tracking trends would show if there had been abuse however it could be included in the Audit Plan in the future. Ms Harold indicated that the Audit Commission also regularly checked housing benefit and council tax claims for single person discounts.

The Chair queried whether a previous suggestion he had made that newslines and payslips be provided online had been considered. The Head of Audit and Governance advised that consideration of value for money was a part of all audits and referred to the sustainability audit saying that compliance with good practice, laws and procedures on the use of energy was an area reviewed. A report on this would be brought back to a future meeting of the committee. The Chief Finance Officer commented that the provision of online payslips was part of the phase 2 implementation plan for the new HR/payroll system, although large numbers of staff did not have access to a computer at work and might not have one at home.

Decision

That the contents of the report be noted.

7. The 2009/2010 Statement of Accounts *(Chief Finance Officer)*

Purpose of report

To enable Members to approve the Council's 2009/2010 Statement of Accounts

Issue(s) for consideration by the Committee

The Chief Finance Officer outlined the report, indicating that production on the accounts had been particularly challenging this year and thanking his staff for their hard work and dedication. He advised that due to the short timescales involved in producing the accounts, members did not always have a lot of time to review them before the meeting. He reminded members that they did however have until September to consider the accounts in detail and both his team and the audit commission would be happy to answer any detailed questions members may have in that period. He then went on to highlight Section 3, the basis for preparing the statement of accounts, saying regular financial management reports on this were produced for Cabinet and Scrutiny Co-ordinating Committee and the outturn strategy provided the basis for preparing the accounts. The initial outturn strategy was approved by Council in February. The final outturn was approved by Cabinet in May and at that time the position was more favourable than had been anticipated. The Chief Finance Officer reported that on 22nd June the Government announced £6.2 billion of public sector cuts. Included among the detail were reductions in the 2010/2011 Area Based Grant and the Local Area Agreement & Local Public Service Agreement Reward Grant. Strategies for managing these losses would require development and Cabinet and Council would remain fully apprised.

The balance sheet showed investments had remained broadly stable, with officers demonstrating a more cautious approach in keeping investments as short as possible. There would come a time when the reserves were exhausted and larger borrowing would be needed however officers would continue to keep a close eye on the markets. The biggest change had been in pensions with an increase in liability from £155 million to £125 million. However this was not expected to lead to an increase in pension rates. The level of reserves and balances was broadly stable with £4.6 million left to support the 09/10 budget. Reserves continued on a downward trend with the majority committed to support the 2010/11 budget or one-off spending commitments. It was also noted that Hartlepool had the second highest Council Tax collection rate in the Tees Valley.

Members queried how safe the funding from Government Grants Deferred Account was in light of the recent public sector cuts. The Chief Finance Officer advised that this funding had already been received and spent by the Council and it was therefore unlikely the Government would attempt to claim it back. Of more concern were future grant cuts.

Members commented upon the amounts spent on publicity saying it seemed excessive at a time of recruitment freezes and redundancies. The Chief Finance Officer indicated that a lot was required advertising under statutory notice and while alternative methods had been considered legal advice was that it had to be via press advertising. In terms of staff vacancies moves had been made to reduce the size of advertisements and direct applicants to the website. The Chair queried whether a review into Tall Ships advertising had been carried out. The Chief Finance Officer reported that the budget for Tall Ships advertising had been looked at closely and there were robust plans in place. However the event needed to attract visitors in order to balance the budgets and advertising was necessary to maximise that income. He acknowledged that large amounts spent on advertising might not give a positive image but without that investment significantly more income could be lost.

The Chair referred to the deletion of the Chief Personnel Officer posts and its replacement with Chief Customer Services and Workforce Officer. He commented that councillors had been unaware of this change and felt it something members should have been made aware of prior to its inclusion in an open report. He also questioned the wisdom in employing the former Chief Personnel Officer to supervise 130 finance staff without the proper experience. The Chief Finance Officer indicated that previously within the report a description of the roles and responsibilities of the directors had been included and acknowledged that it might be prudent to include something similar for the Chief Customer Services and Workforce Officer and Chief Solicitor. He added that while he had ultimate responsibility for public finances the Assistant Chief Financial and Customer Services Officer was a qualified accountant and deputy section 151 officer. The Chief Finance Officer reported that these changes were focused on forming a more integrated service and cost effective service with more staff on the front line than in the back office.

Prior to the election there had been talk of moving local authority benefits staff to a shared office and this was seen as a way of responding to this proposal and maintaining a quality and cost effective service. Other local authorities had successfully removed their benefits service from the finance department

In terms of Councillor awareness of the new structure an email had been sent to members the previous evening by the Chief Customer Services and Workforce Officer giving full details.

Decision

That the report be noted and the 2009/2010 Statement of Accounts be approved.

The meeting concluded at 10:45 am.

CHAIR

AUDIT COMMITTEE

25 August 2010



Report of: Chief Finance Officer

Subject: NATIONAL FRAUD INITIATIVE UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the processes in place and progress made to date regarding the Councils involvement in the National Fraud Initiative.

2. BACKGROUND

- 2.1 The National Fraud Initiative, known as the NFI, is a data matching exercise that has operated since 1996. The NFI assists audited bodies to prevent and detect fraud and error, and also helps the Audit Commission to assess the arrangements that audited bodies have put in place to deal with fraud. Data matching in the NFI involves comparing sets of data, such as the payroll or benefits records of a body, against other records held by the same or another body to see how far they match. This allows potentially fraudulent claims and payments to be identified. Where no match is found, the data matching process will have no material impact on those concerned. Where a match is found, it indicates that there maybe an inconsistency that requires further investigation. In the NFI, participating bodies receive a report of matches that they should follow-up, and investigate where appropriate, to detect instances of fraud, over- or under-payments and other errors, to take remedial action and update their records accordingly
- 2.2 The code of data matching practice has been drawn up by the Audit Commission following a statutory consultation process, and has been laid before Parliament by the Secretary of State as required by section 32G of the Audit Commission Act 1998. It applies from 21 July 2008 until such time as a replacement Code is laid before Parliament. This Code applies to all data matching exercises conducted by or on behalf of the Commission under Part 2A of the Audit Commission Act 1998 for the purpose of assisting in the prevention and detection of fraud. Any person or body conducting or participating in the Commission's data matching exercises must, by law, have regard to the provisions of this Code. The purpose of this Code is to help ensure that the Commission and its staff, auditors and all persons and bodies involved in data

matching exercises comply with the law, especially the provisions of the Data Protection Act 1998, and promote good practice in data matching. It includes guidance on the notification process for letting individuals know why their data is matched and by whom, the standards that apply and where to find further information.

3. GOVERNANCE ARRANGEMENTS

3.1 *Nominated officers*

The Chief Finance Officer is the senior responsible officer for the purposes of data matching exercises at the Council. It is the role of the senior responsible officer to nominate officers responsible for data handling, for follow up investigations and to act as a key contact with the Commission, and to ensure they are suitably qualified and trained for their role.

3.2 The Chief Finance Officer has nominated the Head of Audit and Governance as the Councils Key Contact. The Key Contact coordinates the day to day requirements of the NFI ensuring that the relevant officers across the Council are nominated as Download Officers and investigators and have the appropriate access to the secure NFI website to allow them to undertake this role.

3.3 *Fair processing notices*

The Data Protection Act 1998 normally requires participants to inform individuals that their data will be processed. Unless an exemption applies, for data processing to be fair, the first data protection principle requires data controllers to inform individuals whose data is to be processed of:

- the identity of the data controller;
- the purpose or purposes for which the data may be processed; and
- any further information that is necessary to enable the processing to be fair.

3.4 The provision of this information is known as a fair processing notice. It enables people to know that their data is being used in order to prevent or detect fraud and to take appropriate steps if they consider the use is unjustified, or unlawful in their particular case. The Council should, so far as is practicable, ensure that fair processing notices are actively provided, or at least made readily available, to the individuals about whom they are sharing information. The notice should clearly set out an explanation that their data may be disclosed for the purpose of preventing and detecting fraud.

3.5 The Information Commissioner recommends a layered approach to fair processing notices. Usually there are three layers:

- summary notice,
- condensed text, and
- full text.

Taken together, the three layers comprise the fair processing notice, which is the approach the Council takes.

- 3.6 The *summary notice* provides the minimum information necessary and is included on Council Tax Bills and employees payslips for example. The *condensed text* gives a summary of the Commission's data matching exercises, and is available on the Councils website as well as in hard copy on request. This layer also provides a link to the more detailed full text. The *full text* is available on the Commission's website and includes an explanation of the legal basis for its data matching exercises and a more detailed description of how the initiative works. When providing data to the Commission, the Council submits a declaration confirming compliance with the fair processing notification requirements.

3.7 *Audit Commission review*

During the course of the NFI process the Audit Commission constantly review the Councils progress in investigating the data matches provided. They do this by monitoring the secure NFI website. The website is where all the data matches and outcomes to investigations are stored and updated. Attached as **Appendix A** is the Audit Commissions review of the 2006/07 NFI. It is not in the Audit Commissions normal report style, but that of an action plan. The action plan states that from the Audit Commissions initial review:

"Council officers have been pro-active in their approach to NFI and have consequently obtained good results with three frauds reported to-date.

- 3.8 The Audit Commissions subsequent comments since the initial review of the 2006/07 NFI are:

"All of the recommendations made in the Action Plan have been addressed and implemented in a prompt and timely manner within the timescale suggested. The above confirms the satisfactory coverage of the current NFI exercise".

Other than monitoring the NFI website, the Councils approach to the 2008/09 NFI was not chosen for review by the Audit Commission.

4 **Council Procedures/Outcomes**

- 4.1 The responsibility for investigating data matches falls to the Internal Audit Section, the Revenues Section and the Benefit Fraud Team. The Benefit Fraud Team investigates all data matches that relate to benefit claims, the Revenues Section investigate all data matches that relate to Single Person Discount Claims (SPD) in relation to Council Tax and the Internal Audit Section investigate all those data matches remaining.
- 4.2 The 2006/07 NFI exercise generated total fraud and error savings of £52,081. A breakdown of this total between different types is not possible as the 2006/07 website data is no longer available.

- 4.3 The 2008/9 NFI exercise produced 4628 data matches for review by the Council. A data match does not confirm an irregularity, merely the existence of a potential issue that merits further investigation. Following investigation the 2008/9 matches yielded proven fraud and error totalling £64,443. This included some large value benefit frauds which have been taken forward by the council for prosecution. As in previous exercises, the majority of data matches relate to Benefit and SPD claims.

Data Match Type	Fraud/Error
Housing Benefit Claimants to Payroll Pensions	£18,858
Housing Benefit Claimants to Payroll	£31,448
Council Tax to Electoral Register	£14,137
Total	£64,443

- 4.4 The Audit Commission benefits data matches are subject to an initial evaluation by the benefit fraud investigations team involving cross checking information to various systems. In 2008/9, this activity took around 20 staff hours to complete and this identified about 50 cases that merited a full investigation that yielded the results shown above.
- 4.5 In Hartlepool, the levels of identified fraud and error from the NFI exercises continues to be relatively low in the context of the value of benefits and single person discounts awarded by the council. This reflects the controls and arrangements that the Council has in place to minimise risks:
- Benefits system warning flags where there is multiple claims being made at the same address, multiple claims being made by the same individual, mismatches between benefits claim information and that recorded within the council tax system re SPD's.
 - Regular independent data matching of SPD's with national credit reference agency databases to identify fraudulent SPD's. These exercises have been undertaken by external providers Datatank and Experian and are complimentary to the Audit Commission NFI exercise.

5 RECOMMENDATION

- 5.1 It is recommended that Members note the contents of the report.

National Fraud Initiative

Action Plan



NFI Progress Review: Hartlepool Borough Council

Overall conclusion

There has been satisfactory coverage of the NFI exercise and suitable progress has been made in most areas although this has not always been reflected in the web-based NFI application.

Any matches that were reported in previous years will not automatically be reported again. Most matches in the principal areas of NFI will probably have been examined in the earlier exercises but it was agreed that filters will be used to briefly examine them again in order to avoid the small possibility of an on-going error or fraud.

Council officers have been pro-active in their approach to NFI and have consequently obtained good results with three frauds reported to-date. Currently, total savings from the exercise (frauds and errors) are £50,840 with some £23,150 in the process of recovery. A number of cases are still being examined and further savings may accrue in due course.

Progress since review

Since the review was undertaken, the cases under investigation have been progressed and savings resulting from the exercise have increased to £52,081. In addition, all of the recommendations made in the Action Plan have been addressed and implemented in a prompt and timely manner within the timescale suggested. The above confirms the satisfactory coverage of the current NFI exercise.

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
Web based NFI system.	It was thought that the new web-based NFI system was a significant improvement on the previous application. It has resulted in streamlining procedures within the authority with the elimination of the need to produce hard copies of the reports. It was also felt that the training received for the system was beneficial.	No action required.			
Prior year matches	Where the NFI system has reported matches in previous years, they are not shown again unless the 'Prior year matches' indicator is specifically switched on. Thus it is possible that matches that could result in frauds or errors may be on-going if they had not been examined at the time that they were first reported. Whilst there is no indication that this has occurred at	Undertake a brief review of prior years' matches by setting on the indicator and filtering the output to ascertain whether any earlier matches are worth considering.	Noel Adamson	End of December 2007.	Action completed. No further investigation required.

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
	<p>Hartlepool, it may be worthwhile carrying out a brief check to ensure that no such cases are on-going.</p> <p>Note, however, that where matches in prior years have already been considered (when originally reported) there is no need to reconsider them.</p>				
Payroll	<p>Satisfactory coverage of the payroll matches has been done with all matches in all 'non-information' reports addressed. Good use has been made of the filtering facilities in the system to prioritise the work although limited use has been made of the Comments facility in the system. This however is a minor issue compared to the effective work done.</p>	<p>Use the system Comments facility for those cases where investigations are undertaken.</p>	Sharon Bramley	NFI 2008/09	Action agreed.

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
	One error was identified from the Payroll element of NFI resulting in savings of £11,694.				
Creditors	<p>There were seven reports relating to Creditors with some 2,355 matches. A new financial management system has been recently implemented and there was a data transition issue. NFI helped to confirm potential problems of which officers were generally aware. The strategy for considering the Creditors element of NFI was to look at a small sample of high value items from some reports to confirm that there were no major frauds or errors. This, however, has not been recorded in the NFI application. There is a need to do so.</p> <p>It was noted that there were</p>	Update the NFI web-site to reflect the work done to-date.	Sharon Bramley	End of December	Action completed. Website updated.

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
	<p>no matches reported in key Report 707 (potential duplicate payments based on matching creditor's refs, invoice nos & amounts). This is because the Council's system predudes the duplication of invoice numbers.</p> <p>Report 709 identified potential VAT errors. This report has not been addressed. There were 10 matches reported with only in excess of £100 (the remainder were less than £10). The high value matches should be considered.</p> <p>Similarly, Report 711 (invoices valued at under £1) has not been addressed. It should be considered (from a Value for Money view – i.e. is it cost-effective for the Council to make payments of under £1)?</p>	<p>Examine the two highest value matches in Rep 709.</p> <p>Consider Report 711 from a value for money view.</p>	<p>Sharon Bramley</p> <p>Sharon Bramley</p>	<p>End of December</p> <p>End of December</p>	<p>Action completed. Website updated.</p> <p>Action completed. Website updated with matches investigated.</p>

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
Housing Benefit	Some 17 reports related to Housing Benefits in the current NFI exercise with 542 matches reported. According to the web-site, 41 matches have been processed and cleared with 12 cases still in progress. This does not reflect the true situation at Hartlepool where all matches were given a cursory examination prior to commencing the detailed work. The Council is proactive and takes the lead in dealing with cases that require further investigation and leaves other relevant matches for the DWP to consider. The time taken to carry out this assessment is minimal (10 hours). Frauds have been identified and reported as a result. There is a need to update the web-site to reflect the true situation. As all records have been examined,	Update the NFI web-site to reflect the true situation with Housing Benefit matches.	Andrew Bain	End of December	Action completed.

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
	<p>to record details in each individual record could be a time-consuming task. A quicker way to do it for the current NFI exercise would be to enter a comment in the first record of each report, drawing attention to the Report Edit facility (in the left hand blue area of the screen for each report) where a brief summary of the cursory examination could be entered. Where a detailed examination of individual cases have been undertaken, however, brief details should be recorded against individual records. This is particularly important for any records where there are frauds or errors.</p> <p>To-date three housing benefit frauds have reported in the NFI system with savings of £39,145. This is a good result which reflects the officers' conscientious approach to the</p>				

Area	General comments and approach	Action Recommendation /	Responsibility	Timeframe / deadline	Action taken / Follow-up
	exercise. Officers indicated that further frauds are coming to light. There is a need to record these in the NFI system.	Ensure that all frauds and savings are recorded in the NFI system.	Andrew Bain	End of December	Action completed. Website updated on a case by case basis.
	Concern was expressed by officers about two specific matches that seemed to have been dropped from the system some time ago (in March/April). This happened in two separate reports and each time it was the last record that had disappeared. One had been cleared as "No further action" but the other was of potential interest - Match Id 124 from Rep 14.1. It was present when the report was first examined but had gone within 2 or 3 weeks. The external NFI auditor agreed to enquire about possible reasons for its elimination.	External NFI auditor should enquire into the reason for the last records being deleted from the system.	Alan Candlish	End of December	NFI management informed of incident. To be investigated further.

QUESTION	RESPONSE
1. Subsidy paid for purpose of LA Fraud Investigation?	<p>Since 2006/7 the Department for Work and Pensions (DWP) have issued administration subsidy as a single annual grant allocation for individual local authorities. By combining core administration subsidy and funding for anti fraud measures this gives local authorities the flexibility to fund their administration and security of benefits in accordance with local circumstances. DWP expect local authorities to direct around a third of their total allocation to security of benefits through effective reviews, visits and counter fraud investigations. The total administration subsidy grant for Hartlepool for 2009/10 was £1.264m, of which £0.390m (31%) was earmarked for security of benefits through effective reviews, visits and counter fraud investigations.</p>
2. Expenditure incurred undertaking 'counter fraud' activity?	<p>As indicated above £0.390m was spent on 'counter fraud' activity covering investigations, visits and reviews. This expenditure covered 12 FTE, including national insurance and pension contributions for staff directly employed by the Council. The 12 FTE included one contract appointment to cover a vacancy. This arrangement is being terminated and the Council is currently advertising for a 3 month temporary Fraud Investigation Enforcement Officer.</p>
3. Outcomes achieved against Anti Fraud and Corruption Policy	<p>Details of 2009/10 counter fraud sanctions performance was reported to the Performance Portfolio holder in July 2010 and identified the following outcomes:</p> <ul style="list-style-type: none"> • 57 cautions have been issued; • 8 administrative penalties issues; • 18 prosecutions.