



Internal Audit Report

ICT & Financial Services

Review of Unified Benefits Counter Fraud Service

November 2009

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1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Unified Benefits Counter Fraud Service as part of the 2009-10 Internal Audit programme.

Benefit Fraud is a large part of the overall level of fraud in Argyll and Bute, the Council's aim is to reduce and then eliminate Benefit Fraud.

The Audit has reviewed Counter-fraud activities to ensure that they are properly managed, resources are focused on fraud reduction, administrative weakness are identified, investigated and rectified and integrity and quality of investigations is intact.

2 AUDIT SCOPE AND OBJECTIVES

The scope of this review is limited to the Questionnaire devised from the good practice guide published on the DWP website. The questionnaire was completed during discussion with selected department contacts.

The broad objectives of the review were to ensure:

- Quality fraud referrals are received and acted upon
- Risk profiling of referrals is appropriate
- Suitable action is taken on referrals
- Fraud Investigators Code of Conduct is followed
- An Anti-Fraud Policy is available and up-to-date
- A Balanced Sanctions Policy is applied strictly within the law

3 RISK ASSESSMENT

As part of the audit process the risk register was reviewed to identify any areas that needed to be included within the audit.

All areas identified within the Risk Register were included within the questionnaire used to carry out this audit, including; Leadership; new legislation/regulations; resources and Anti-fraud Policy.

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

The DWP website contains comprehensive guidelines on good practice regarding Counter Fraud Activities. These guidelines are mostly adhered to, the main exceptions being as follows:

Management Checks are not currently being carried out on notes taken in QB50 pocket notebooks by the Counter Fraud Officers to record investigation details. (These notebooks are similar to that used by police officers and if required, is the only documentation that may be permitted as an aide memoire in a court of law.)

The Anti-Fraud Strategy, outlining the Council's commitment to make sure that the opportunity for fraud and corruption is reduced to the lowest possible risk, has not been updated since 2006. Appendix 4 of this document is the Housing Benefit and Council Tax Benefit Security Strategy and Referral Policy. This policy requires updating in terms of thresholds for issuing cautions, penalties and referral to the procurator Fiscal. The section referring to the verification framework requires to be removed as this is no longer applicable to the Authority.

Progress, outcome and quality of investigations are monitored by comparing with targets set in an annual business plan, however, no business plan has been agreed for 2009-10.

6 RECOMMENDATIONS

Six recommendations were identified as a result of the audit, 3 have been graded as medium and 3 as low. The recommendations are shown in the action plan below.

7 AUDIT OPINION

The auditor is satisfied that the Benefit Fraud Section has answered the questionnaire in an appropriate manner.

Based on the findings we can conclude that Best practice as identified by the DWP is broadly in place and the service is operating well. Revision of strategic documentation as mentioned in 5 above, will further enhance the service.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to the Benefit Fraud Section for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	The Case Management System does not allow the user to return to input screens to update information without recording an error.	Low	Management should liaise with the supplier and other local authorities to request change to menu functionality.	Revenues & Benefits Manager	June 2010
2	Management checks are not currently being carried out on notes taken in QB50 notebooks by the Investigation Officers.	Medium	Management should commence periodic checks on the note-keeping skills of investigation officers.	Revenues & Benefits Manager	June 2011
3	Appendix 4 of Anti-Fraud Strategy has not been updated since 2006 in terms of thresholds and changes with regard to the verification framework section.	Medium	Management should update Appendix 4 to the Anti-Fraud Strategy and submit for member approval and publishing with the revised Council Constitution	Revenues & Benefits Manager	June 2010
4	There is no current Fraud Business Plan against which the progress, outcome and quality of investigations are monitored.	Medium	Management should produce a business plan which should be reviewed annually to revise targets.	Revenues & Benefits Manager	June 2010

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
5	There has been no discussion as to providing awareness training for Council Members.	Low	Management should discuss with the Director of Corporate Services the need to produce a paper to raise awareness with Council Members.	Revenues & Benefits Manager	June 2010
6	The Council do not publish prosecution cases to send out a deterrent message to fraudsters.	Low	The Council should give consideration to the publishing of suitable prosecution cases.	Revenues & Benefits Manager	June 2010