COUNTER FRAUD HUB

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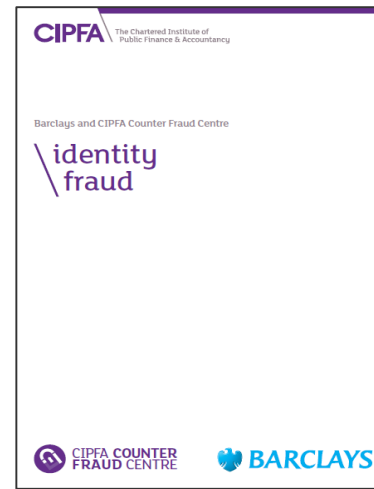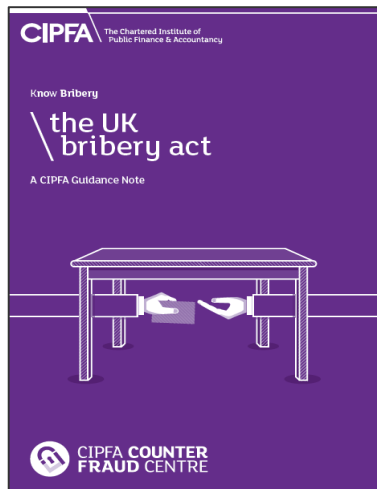| Item	Title
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1. CIPFA

CIPFA and Fraud

We provide the tools, training and ideas to shape the future of counter fraud

- Code of Practice
- Fighting Fraud & Corruption Locally
- Four qualifications
- CPD and skills
- Subscription service
- Government Awards
- Affiliate Membership
- Analytics service
- Anti-corruption service

- Good practice bank, case studies and fraud risk guides
- E-newsletters
- Alerts
- Toolkits
- Sponsors & Roundtables
- Fraud survey and report
- Fraud Risk Wheels
- Consultancy
- International

Our expertise in counter fraud strategy

Fighting Fraud & Corruption Locally

Fighting Fraud & Corruption
LOCALLY

The local government
counter fraud and
corruption strategy

2016-2019

Supported by:
CIPFA COUNTER FRAUD CENTRE

- First published in 2011, then 2016
- Highlighting fraud risk areas
- We host free online resources including toolkits, case studies and guidance

- "The NFA and CIPFA to develop an online fraud resource tool to act as a repository for counter fraud guidance, including a technical communication forum for fraud practitioners and auditors."

- ✓ Unique experience and knowledge.

- ✓ Profession and Public Interest values.

- ✓ Counter Fraud Centre

- ✓ Strong relationships and networks.

- ✓ Cutting edge technologies.

- ✓ A vision for data analytics and public value.

- ✓ Transparency and greatest return on investment.

What is the value of fraud?

- University of Portsmouth 2016 £193bn
- Home Office Annual Fraud Indicator 2013 £52bn
- ONS: One in every 3 crimes is fraud
- Local Government Home Office 2013 £2.1bn
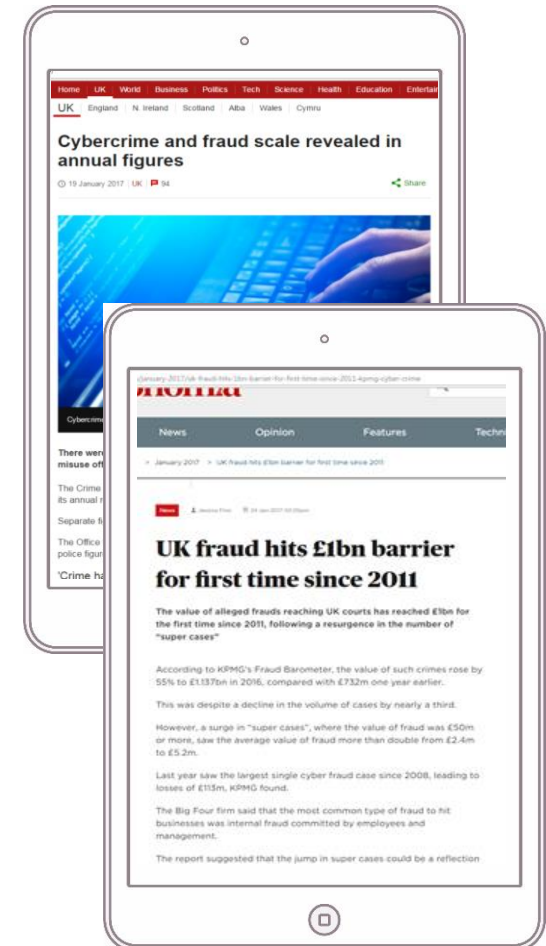
National fraud figures – the numbers….

Total value

£336m

Volume

75,212 cases

CIPFA The Chartered Institute of Public Finance & Accountancy

By number of cases

	Fraud Type	No. of cases
1	Council Tax Frauds	57,136
2	Housing Frauds	5,939
3	Disabled Parking Concession	5,751
4	Business Rates	662
5	Adult Social Care	446
6	Insurance Claim	371
7	No Recourse to Public Funds	342
8	Mandate Fraud	325
9	Schools Frauds (excl. transport)	258
10	Payroll	248

By total value of fraud

	Fraud Type	£Total value
1	Housing Frauds	£263,400,000
2	Council Tax Frauds	£25,500,000
3	Business Rates	£7,000,000
4	No Recourse to Public Funds	£6,900,000
5	Adult Social Care	£5,600,000
6	Insurance Claim	£5,100,000
7	Disabled Parking Concession	£4,300,000
8	Mandate Fraud	£1,700,000
9	Payroll	£1,000,000
10	Schools Frauds (excl. transport)	£500,000

By average case value

	Fraud Type	£case value
1	Housing Frauds	£44,300
2	No Recourse to Public Funds	£20,200
3	Insurance Claim	£13,800
4	Adult Social Care	£12,500
5	Business Rates	£10,600
6	Mandate Fraud	£5,200
7	Payroll	£4,100
8	Schools Frauds (excl. transport)	£2,000
9	Disabled Parking Concession	£800
10	Council Tax Frauds	£400

Value for money?

No of cases	Total value	Average case value
Council Tax Frauds	Housing Frauds	Housing Frauds
Housing Frauds	Council Tax Frauds	No Recourse to Public Funds
Disabled Parking Concession	Business Rates	Insurance Claim
Business Rates	No Recourse to Public Funds	Adult Social Care
Adult Social Care	Adult Social Care	Business Rates
Insurance Claim	Insurance Claim	Mandate Fraud
No Recourse to Public Funds	Disabled Parking Concession	Payroll
Mandate Fraud	Mandate Fraud	Schools Frauds
Schools Frauds	Payroll	Disabled Parking Concession
Payroll	Schools Frauds	Council Tax Frauds

Value for money?

No of cases	Total value	Average case value
Council Tax Frauds	Housing Frauds	Housing Frauds
Housing Frauds	Council Tax Frauds	No Recourse to Public Funds
Disabled Parking Concession	Business Rates	Insurance Claim
Business Rates	No Recourse to Public Funds	Adult Social Care
Adult Social Care	Adult Social Care	Business Rates
Insurance Claim	Insurance Claim	Mandate Fraud
No Recourse to Public Funds	Disabled Parking Concession	Payroll
Mandate Fraud	Mandate Fraud	Schools Frauds
Schools Frauds	Payroll	Disabled Parking Concession
Payroll	Schools Frauds	Council Tax Frauds

Top 3 perceived highest fraud risk areas

UK (2017)	UK (2016)
1. Procurement	1. Council Tax
2. Adult Social Care	2. Procurement
3. Council Tax	3. Housing

Enhancing Counter Fraud Development

- Most significant issues:

1. Capacity
2. Effective fraud risk management
3. Better data sharing

"Rather than taking the approach of managing decline, councils have innovated, collaborated and prioritised in order to protect vital services."

Claire Kober

Chair Resources Portfolio Local Government Association

Leader Haringey Borough Council

© CIPFA

National developments in counter fraud
&
Regional response to counter fraud

National developments in counter fraud

- Fighting Fraud and Corruption Locally

  - The local government counter fraud strategy
    - Refresh due in 2018

  - Strategic Board
    - Develop guidance for local government's counter fraud response
    - Engage with stakeholders to develop local government counter fraud activities
    - Promote awareness raising at senior level

  - Evaluation of Counter Fraud Fund projects
    - Identify best practice and most effective outcomes

National developments in counter fraud

- Local Government Counter Fraud Standards
  - Working Groups
  - Considering best practice / mandatory
  - Links to Code of Practice on Managing the Risk of Fraud and Corruption

- Statement on the Role of the Head of Counter Fraud
  - Raising the profile of the counter fraud profession
  - Acknowledgement that this may not be a dedicated position
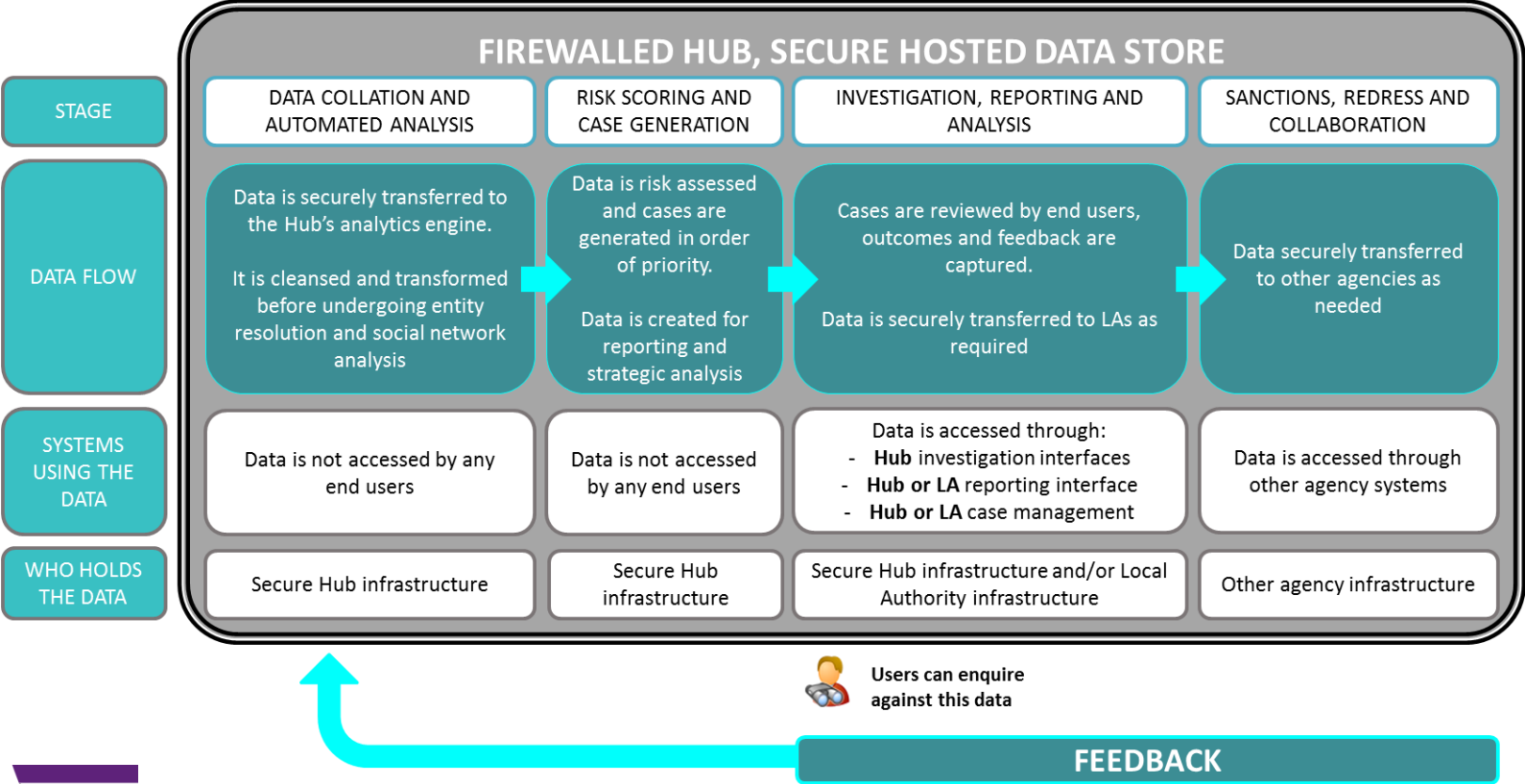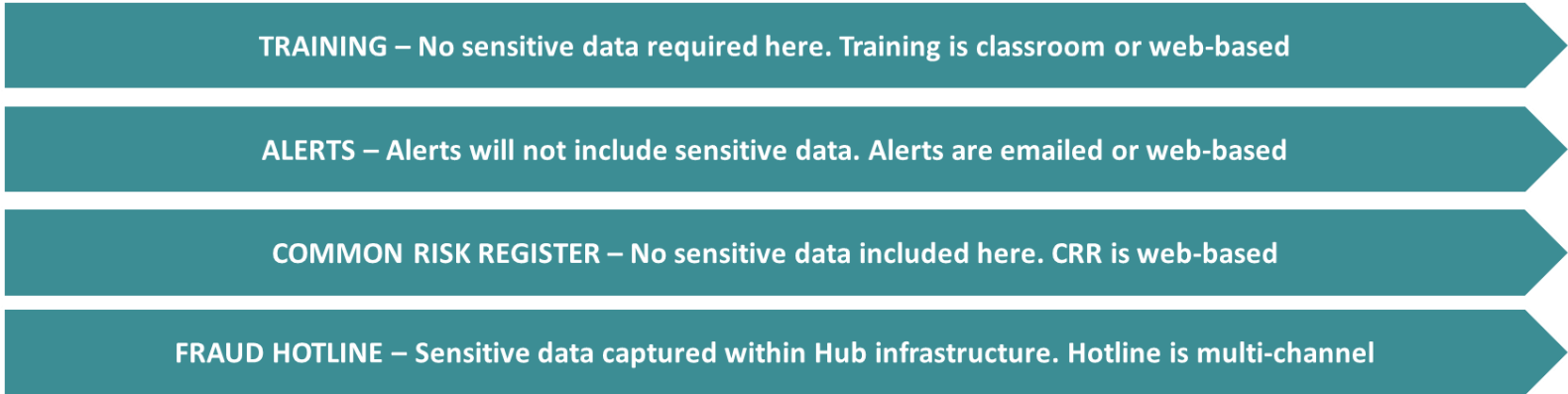
2. OVERVIEW OF THE CIPFA SOLUTION

TRAINING – No sensitive data required here. Training is classroom or web-based

ALERTS – Alerts will not include sensitive data. Alerts are emailed or web-based

COMMON RISK REGISTER – No sensitive data included here. CRR is web-based

FRAUD HOTLINE – Sensitive data captured within Hub infrastructure. Hotline is multi-channel

FIREWALLED HUB, SECURE HOSTED DATA STORE

STAGE	DATA COLLATION AND AUTOMATED ANALYSIS	RISK SCORING AND CASE GENERATION	INVESTIGATION, REPORTING AND ANALYSIS	SANCTIONS, REDRESS AND COLLABORATION
DATA FLOW	Data is securely transferred to the Hub's analytics engine. It is cleansed and transformed before undergoing entity resolution and social network analysis	Data is risk assessed and cases are generated in order of priority. Data is created for reporting and strategic analysis	Cases are reviewed by end users, outcomes and feedback are captured. Data is securely transferred to LAs as required	Data securely transferred to other agencies as needed
SYSTEMS USING THE DATA	Data is not accessed by any end users	Data is not accessed by any end users	Data is accessed through: - **Hub** investigation interfaces - **Hub or LA** reporting interface - **Hub or LA** case management	Data is accessed through other agency systems
WHO HOLDS THE DATA	Secure Hub infrastructure	Secure Hub infrastructure	Secure Hub infrastructure and/or Local Authority infrastructure	Other agency infrastructure

Users can enquire against this data

FEEDBACK

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London Counter Fraud Hub

The London Counter Fraud Hub, run by the CIPFA Counter Fraud Centre, analyses significant amounts of data provided by all 33 London boroughs, including third party data, identifying all fraudulent activity committed against local government in the capital. This venture does not only investigate and detect fraud, but will also save millions of pounds in boroughs each year in the recovery of losses.

This innovative approach minimises fraud for London councils through collaboration and investigation, alleviating the impact fraud has on councils. The complex analytics and advanced pioneering technology offers more support for councils in detecting fraud and maximises recoveries through automation immediately and in the future. The intelligence delivered in this service detects and encapsulates all types of fraud cases to prevent losses and exploitation of council funds, but also provides: alerts, analysis, intelligence and examples of good practice. Thus this Hub allows councils to learn and collaborate with one another to eliminate fraud for good.

Frauds per Thousand
Low level of fraud

High level of fraud
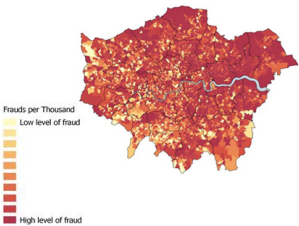
Links

- Fraud and Corruption Tracker
- Fraud Risk Wheel
- Whistleblowing eLearning
- Minutes of Meetings

- Onboarding windows
- Hub training schedule
- Hub organisation chart
- MI

- Oversight board
- Service management board
- Working groups
  - Insurance
  - NRPF
  - Procurement

London Fraud news

- How to prevent, identify and combat grant fraud
  26 May 2016
- Auditors sound alarm on Thanet's use of EU grant
  17 May 2016
- Foreign companies that hold UK property have to declare owners
  12 May 2016
- CIPFA launches anti-bribery qualification
  12 May 2016
- Panama Papers: PM launches Whitehall taskforce to probe tax evasion
  11 April 2016

How does the hub work?

Engagement with Councils, on-boarding, investigations and open days

Red Store

Helping hub members prevent fraud by circulating current scams and fraud threats

Risk Register

An opportunity to share local risks across all authorities and collaborate to prevent fraud

Fraud Hotline number

020 7543 5789

Example text! Add your own or click on the editor icon for a full WYSIWYG editor.

Case Studies, Resource Bank & Open Source

Evidence of using advanced analytics to tackle cross-boundary fraud across London. Access free open source tools.

Example text! Add your own or click on the editor icon for a full WYSIWYG editor.

Access the Hub

Example text! Add your own or click on the editor icon for a full WYSIWYG editor.

The benefits of our solution

- ✓ A powerful solution, combining advanced data matching with intelligent analytics and deep local government and counter fraud expertise, delivered by best in class partners who will add value across all areas of the process of preventing and detecting fraud.

- ✓ A common risk register across the region, preventing fraud through sharing knowledge, leads and best practice, and leading to earlier detection.

- ✓ Network analytics, meaning detection of more organised cross-borough fraud and higher POCA claims.

- ✓ A rich data set including third party data and visuals – e.g. geo mapping.

- ✓ A service run by counter fraud specialists and LA experienced staff, meaning we understand how LAs work and have already begun a pilot.

✓ A truly end to end solution which covers training, a hotline run by experienced and PIDA trained staff, shared risks, increasing fraud prevention, fraud stopped earlier.

✓ Access to technology which has prevented and detected over £3bn in central government and the insurance and banking industries.

✓ A single place to review all data quickly and consistently, rather than having to operate multiple systems.

✓ Access and input into the national picture via the Hub pilot Partners, including NCA, NFIB, and, IFB.

✓ Access to Open Source activity and, because we are fraud experts, constant refreshes of this.

✓ A reduction in false positives resulting in more focused cases of high risk frauds.

Getting buy in:

- A campaign of activities to get buy in and maintain momentum throughout the Hub.

- Focused on business processes, cultural changes, training, professional development, knowledge sharing, communications and marketing.
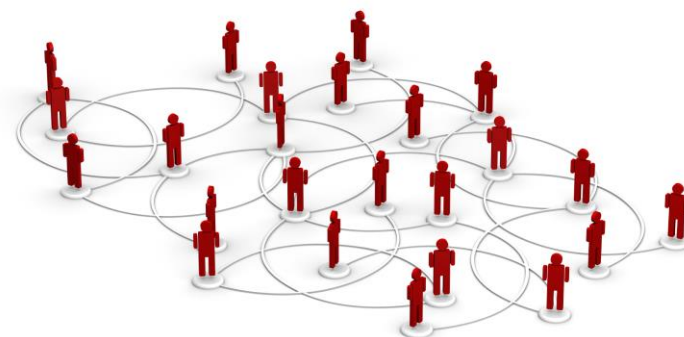
Getting connected:

- A campaign of activities to get a participating authority connected to the Hub.

- Focused on implementing and securing technical connectivity, providing data, conducting analysis, generating cases and providing supporting evidence for investigation.

- Wider networks detected

- Organised fraud and cartels

- Benefits of working together

- Higher value of fraud to sanction

https://www.youtube.com/watch?v=fELBBWgd6NA

5. Q & A