

Fraud Risk

Training for Members

15 February 2016



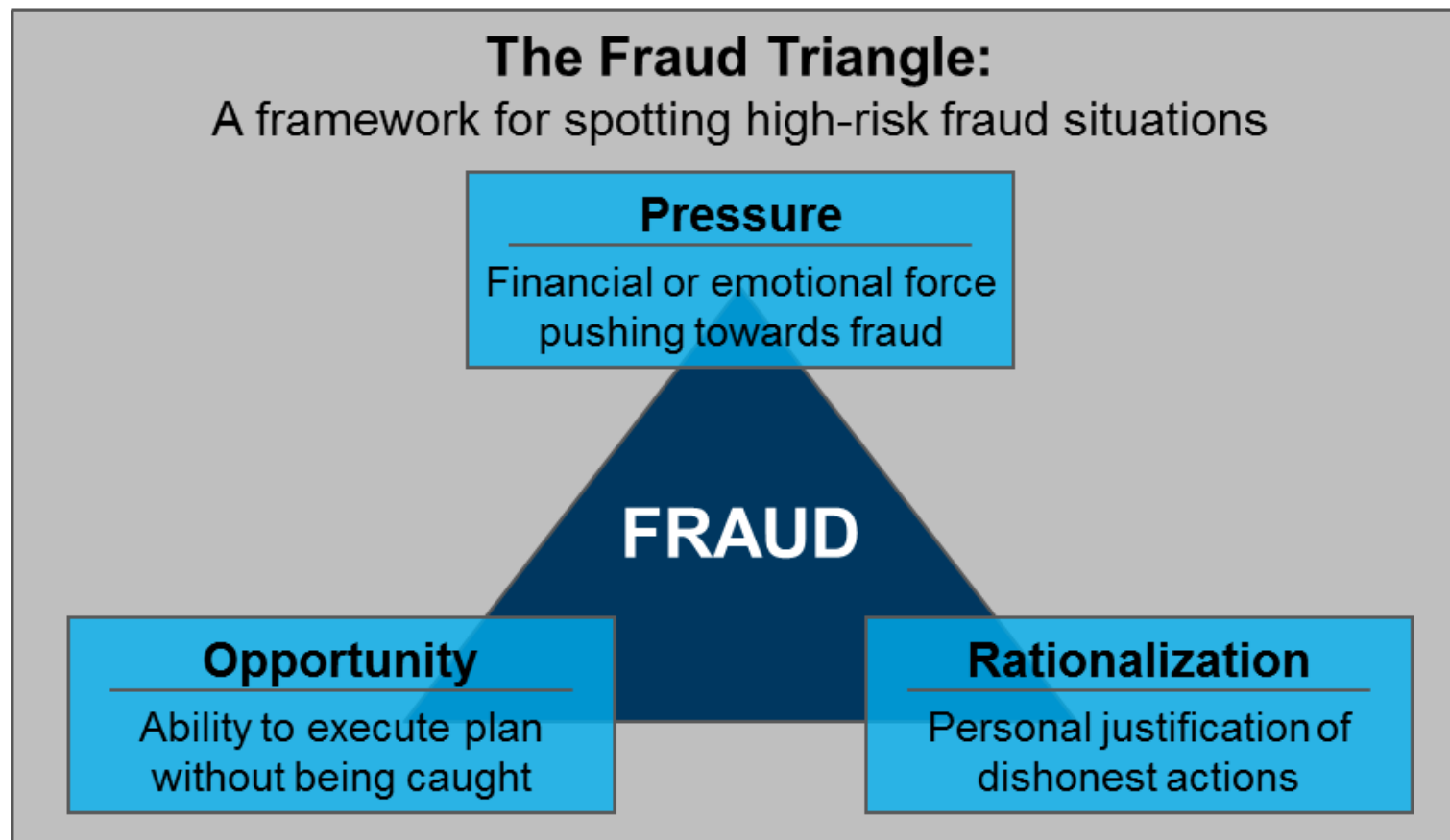


What is Fraud

Obtaining an advantage by means of deception

- Not always a financial benefit
- Insider and outsider threats
- Targets the organisation or our clients
- Fraud in other organisations can impact us

The Fraud Triangle



Opportunity

Poor systems of internal control due to lack of:-

- Procedures & policies
- Supervision of staff
- Authority levels
- Access levels
- Segregation of duties
- Physical security of assets



Likelihood of being caught vs. Consequences of being caught



Pressure / Motivation

Need driven:-

Financial pressure, e.g. debts, addiction, family illness /
breakdown / blackmail

Greed driven:-

Lavish lifestyle

Status

Thrill of getting away with it!



Rationalisation

Disgruntled employees:-
Feel undervalued / underpaid / bullied
Passed over for promotion



It's for my family!



I'm not a criminal!





Case Studies

**Forged documents
instructing a change of
bank details were sent to
the council and used to
obtain fraudulent
payment of £102,000.**

**Four jailed over Edinburgh
City Council bribes**

**Woman prosecuted for
housing tenancy fraud**
A former Solihull Community
Housing (SCH) tenant has been
prosecuted for housing tenancy
fraud.



Counter Fraud Team

- Counter Fraud Strategy
- Invest in training
- Raise awareness
- Data matching
- Use all legal gateways to prevent, detect and deal with fraud
- Partnership working with other council's and agencies
- Work closely with Internal Audit

Counter Fraud Pilot

Tenancy Fraud

Type of Fraud	No. of Cases	Avoidable Cost
Non-occupancy (council) note 1	3	£27,300
Abandonment (council) note 1	9	£99,450
Non-occupancy / Abandonment (property belonging to housing association/private letting) note 2	2	N/A
Total	14	£126,750

Note 1 – a further £19,207.46 in HB/CTB/CTR was identified in relation to these cases.

Note 2 – although there is no direct cost avoidance for the council as a result of recovering these housing association/private let properties, a further £55,348.51 in HB/CTB/CTR was identified.

Counter Fraud Pilot

Scottish Welfare Fund Fraud

No. Of Cases	Saving Identified	No Saving	Saving note 1	Cost to Identify
66	56	10	£28,663	£826

Note 1 – the average saving per case investigated is £434, the highest single case saving is £1,798