

Croydon Council

General Release

REPORT TO:	FULL COUNCIL 1st July 2013
AGENDA ITEM:	10
SUBJECT:	Audit Advisory Committee Annual Report 2012/13 and Changes to Membership
LEAD OFFICER:	Director of Finance and Assets
CABINET MEMBER	Councillor Dudley Mead, Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing Councillor Steve O'Connell Finance and Performance Management
WARDS:	ALL
CORPORATE PRIORITY/POLICY: The Audit Advisory Committee is a standing committee of the Council that oversees the audit, anti-fraud, risk management and financial reporting arrangements of the Council. Strengthening corporate capacity in this way is critical in improving the Council's ability to deliver services helping the Council achieve its vision and aims for the community as a whole.	
FINANCIAL SUMMARY: There are no financial implications in this report	
FORWARD PLAN KEY DECISION REFERENCE NO.:	

For general release

1. RECOMMENDATIONS

That **Full Council:**

- 1.1.1 Notes the annual report of the Audit Advisory Committee; and
- 1.1.2 Agrees to amend the Council's Constitution to increase the number of independent, non-voting members of the Audit Advisory Committee from one to two.

2. EXECUTIVE SUMMARY

- 2.1 This report presents the annual report of the Audit Advisory Committee (attached as appendix 1) showing the work overseen by the Committee during 2012/13.
- 2.2 The report also seeks approval to increase the number of independent members of the Audit Advisory Committee from one to two. This will enable a greater mix of skills and perspectives to be available to the Committee and prepare the way for the Council to comply with the requirements of the Local Audit and Accountability Bill which is currently working its way through Parliament.

3. DETAIL

Annual Report

- 3.1 The Audit Advisory Committee (the Committee) has a wide ranging brief that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including audit, anti-fraud and the financial reporting frameworks.
- 3.2. The annual report (attached as appendix 1) details the work of the Committee during 2012/13, outlining the progress in:
 - Internal Control;
 - Risk management;
 - Internal Audit;
 - Anti-fraud;
 - External Audit;
 - Financial reporting

Membership of the Committee

- 3.3. The Committee is currently made up of 7 Members and 1 co-opted Independent non-voting Member. Part 3, paragraph 2.07 of the Council's Constitution states that the independent member may not be a Member or officer of the Council.
- 3.4 The Audit Advisory Committee has included an independent member since 2006. Over that period there have been two consecutive independent members who have brought valuable experience and insight from outside the Council to the deliberations of the Committee. Both were residents of the Borough and used that perspective along with their personal skills to enhance the Committee.
- 3.5 The most recent Independent member of the Committee retired at the meeting in March and a recruitment process is underway to replace him. Based on the positive experience to date it is considered desirable to increase the number of Independent members of the Committee from one to two.
- 3.6 This change would require minor amendments to the Constitution in Part 2, Article 8 and Part 3 paragraph 2.07 where the number and breakdown of members making up the Committee are specified.

- 3.7 In addition to the benefits outlines above, the Local Audit & Accountability Bill is currently making its way through Parliament. This proposed legislation deals, inter alia, with the changing regime for the external audit of local authorities. It provides for the abolition of the Audit Commission and the eventual position of local authorities appointing their own external auditors. The bill, if enacted, will require councils to have an Audit Panel to advise councils on the selection and appointment of external auditors and to help ensure the independence of the external auditor is maintained. These Audit Panels will have a high proportion of independent members. Given the remit of the Audit Advisory Committee it seems appropriate that there should be a strong relationship between it and the Audit Panel when that is constituted at some point in the future. It is envisaged that independent members of the Audit Advisory Committee may be well placed to have a role on the Audit Panel.

4. CONSULTATION

- 4.1 This has been discussed with the Audit Advisory Committee Chair and he has consulted leading Members on this proposal through the whip's office and has received support in principle.

5. FINANCIAL AND RISK CONSIDERATIONS

- 5.1 There are no additional financial or risk considerations relating to this report.

(Approved by: Helen Sach, Head of Corporate Finance)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor advises that Part 2. Article 4 of the Constitution makes changes to it a function of Full Council.

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 The Council has well established recruitment processes in place and provided these are followed there are no further human resources impacts arising from this report.

(Approved by: Gloria Lau, HR Business Partner, on behalf of the Interim Director Workforce)

8. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, HUMAN RIGHTS & FREEDOM OF INFORMATION IMPACTS

8.1 There are no impacts arising from this report

CONTACT OFFICER: Simon Maddocks, Head of Governance

BACKGROUND DOCUMENTS: Local Audit and Accountability Bill

Audit Advisory Committee

Annual Report 2012/13

Introduction

1. The Audit Advisory Committee (the Committee) has a wide ranging brief that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including audit, anti-fraud and the financial reporting frameworks, (Appendix 1: Terms of Reference).
2. This report details the work of the Committee during 2012/13, outlining the progress in:
 - o Internal Control;
 - o Risk management;
 - o Internal Audit;
 - o Anti-fraud;
 - o External Audit;
 - o Financial reporting
3. Table 1 details the Committee Members during 2012/13. They have a wide range of skills and bring both technical and professional experience to the role. All the members have some experience in relation to the governance processes they challenge. This provides a solid foundation from which to develop the Committee's role.

Table 1: Members of the Audit Advisory Committee 2012/13

Member	Role
Councillor Yvette Hopley	Chairman
Councillor Avril Slipper	Vice Chairman
Councillor Jason Cummings	Member
Councillor Jeet Bains	Member
Councillor Simon Hall	Member
Councillor Raj Rajendran	Member
Councillor Maggie Mansell	Member
Mr John Kempzell	Non-Elected Independent Member
Reserve Members: Councillors Graham Bass, David Fitze, Wayne Lawlor, Helen Pollard, Badsha Quadir, Mike Selva and Mark Watson.	

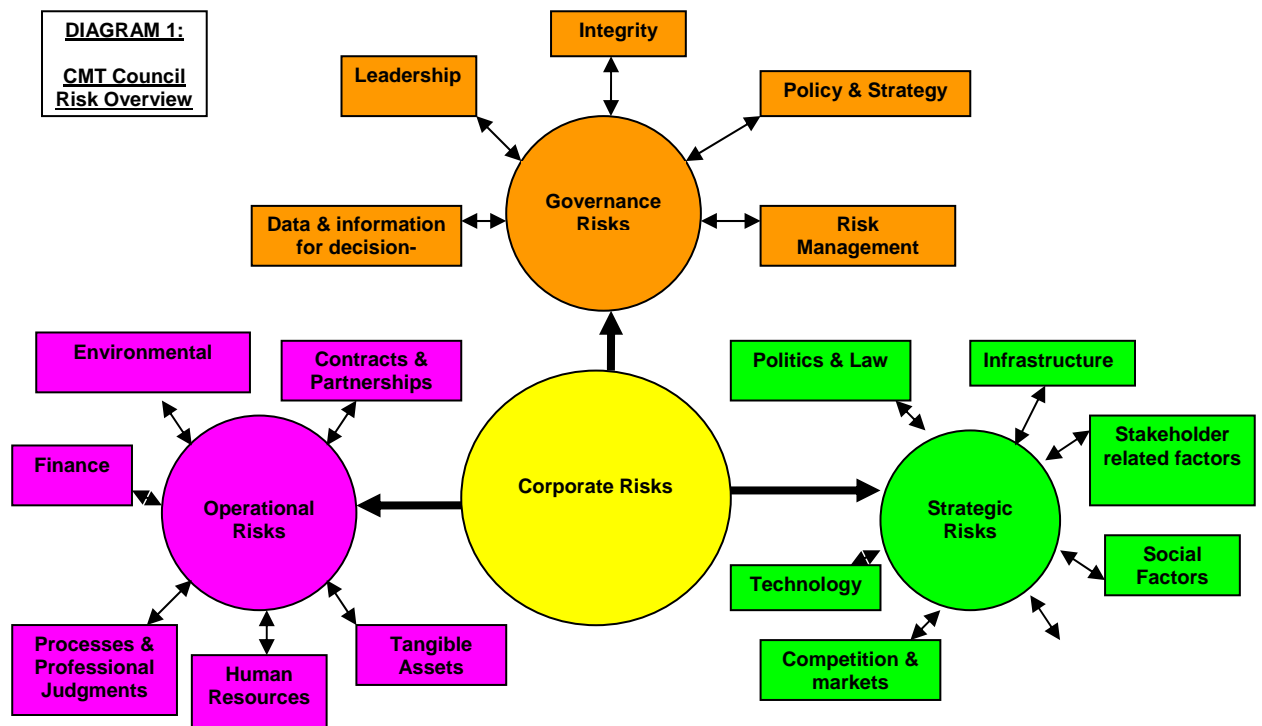
4. Mr Kempsell, the Non-Elected Independent Member, retired from the Committee at the end of the year. He had served for 2 years and was thanked by the Committee for his valuable contribution during that time.
5. To further support the committee members, officers provide regular briefings on the function, responsibilities and role of the audit committee process. This is further supplemented by on going briefings in relation to the risk management framework that underpins the assurance framework.
6. This report details the key successes and work of the Committee in 2012/13. The Committee has overseen the continued transformation and improved performance in all areas of its responsibilities and has actively contributed to leading and shaping those changes. Key achievements include:
 - Continued high levels in internal audit recommendation implementation across the Council;
 - Further strengthening the Council's Anti-fraud culture with continued strong performance of the Corporate Anti-fraud team;
 - Continued high performance in the data matching investigations for the National Fraud Initiative;
 - Further development of a London-wide audit and anti-fraud public/private partnership led and hosted by Croydon Council. This now has 22 councils as members and more looking to join.
 - A complete refresh of the Council's Risk Register and the way that it will be maintained.

Internal Control

7. A pivotal role of the Committee is its work in developing the Council's internal control and assurance processes culminating in the Annual Governance Statement (AGS). The Accounts and Audit Regulations 2011 require the Council to review the effectiveness of its systems of internal control and publish the AGS each year alongside the financial statements. The information for the AGS is generated through the Council's Assurance framework (Appendix 2) including:
 - Risk management;
 - Internal Audit;
 - Anti-Fraud programme;
 - External Audit.
8. The Committee leads this review by receiving, at every meeting reports on these services areas including service performance information.

Risk Management

9. The Council has an excellently performing, award winning risk management framework. This includes a monthly reporting process for the Corporate Management Team (CMT), where the Council's key strategic risks are identified and reviewed ensuring integration between the risk management framework and the strategic, financial and performance management frameworks using the reporting framework detailed in Diagram 1 (see next page).



(Appendix 3 Definitions)

10. The reporting process to CMT is complimented by the Committee reviewing the Council's key risks. At all Committee meetings Members review the current risks being reported to CMT. There is in-depth review and challenge in relation to the risks presented and crucially the risk management framework underpinning it.
11. The Committee has monitored the continued development of the council-wide, self service, risk management software including a training programme for all risk owners. The content of the registers maintained on the system has had a complete refresh over the last year and the risk team is now taking a more active role in helping departments to review their registers on a regular basis.

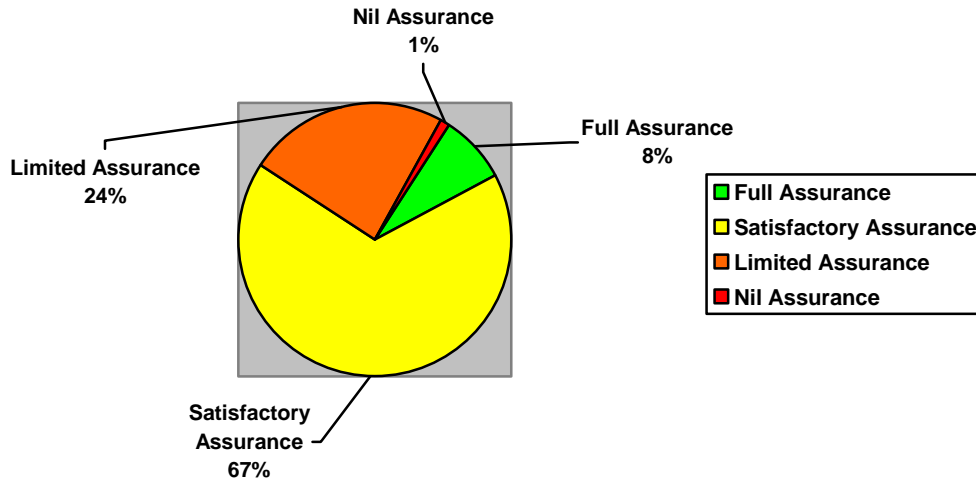
12. The Council includes individual training for the Chair of the Audit Advisory Committee on the risk management framework as well as learning events for all members. Engaging members in the risk management process and focusing that on individual needs and requirements ensures members are fully involved in the challenges facing services in meeting the strategic and operational objectives set.
13. The software and approach is also used to manage the challenges associated with the delivery of significant projects. As part of a revised approach to corporate programme management an extensive development programme has been delivered to continue to ensure all significant projects risk registers are captured on the council-wide register and facilitate training and support for all project officers in risk management methodologies in relation to projects and programmes.
14. The Internal Audit programme continues to be based on the risk registers and Internal Audit has view only access to assist its risk based audit approach, ensuring it is dealing with the most up to date information. Following audit coverage, the resultant report is mapped against the identified risk on the risk register. This gives a complete picture of how the Council is managing the challenges it faces in delivering its objectives.

Internal Audit

15. The Council's internal audit service is outsourced to Deloitte and Touche Public Sector Internal Audit Limited and the current contract began on 1st April 2008.
16. The alignment of the audit programme to the Council risk management framework has focused internal audit on the key challenges the Council faces and therefore, the issues that if not managed, would lead to strategic objectives not being achieved. The enhanced focus on what matters has continued to improve the value added by the service and is demonstrated in the increased strategic engagement of Directors and departmental management teams in the audit programme.
17. Graph 1 shows that 72% of the audits have full or satisfactory assurance compared to 70% for the previous year. Council wide, the performance in audits has improved slightly against the previous year with the main area of reduction being amongst the audits conducted in schools. School audits had a satisfactory level of assurance of 48% down from 57% the previous year.
18. To help improve internal audit results and internal control more generally the Council's Governance Team has organised and led, with support from other colleagues a series of workshops under the banner of 'Doing the Right Thing' to raise awareness of key corporate policies and

procedures. Over the last year around 400 managers have attended these workshops. Immediate feedback shows that these have been very well received.

Graph 1 - Profile of Assurance Levels of Final Audit Reports issued 1 April 2012 to 31 March 2013



19. A key measure of the Internal Audit service's effectiveness is the action taken in implementing audit recommendations. Since 2007/08 the target for implementation of recommendations has been 80% for priority 2 and 3 recommendations and 85% for priority 1 recommendations. The stringent approach to the follow up process has continued with tight timescales for follow up work linked to the level of assurance.
20. Table 2 details the performance in this area in all follow up work completed since 1st April 2007. Indications are that the targets for recommendations for 2012/13 will also be achieved when the follow up programme is completed over the coming year.

Table 2: Implementation of Audit Recommendations to date

	targets	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Implementation of priority one recommendations at follow-up	85%	100%	100%	100%	93%	97%	95%
Implementation of all recommendations at follow-up	80%	94%	86%	92%	88%	90%	94%

21. In 2012/13, Internal Audit completed 100% of the plan in-year for the seventh successive year. The main performance indicators are detailed in Table 3.

Table 3: Internal Audit Performance 2011/12

Performance Objective	Annual Target	Annual Performance	RAG
% of planned 2012/13 audit days delivered	100%	100%	G
% of 2012/13 planned draft reports issued	100%	100%	G
Number of 2012/13 planned draft reports issued	103	103	G
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	85%	G
% of qualified staff engaged on audit	40%	47%	G

Anti-Fraud

22. Since 2006/07 the Council has been implementing an action plan to improve counter fraud awareness across the Council and to strengthen working with our partners. This has included:
- Counter Defence quarterly newsletter for Members and staff communicating key counter-fraud messages, issues and cases (example at Appendix 4);
 - Further developing the Croydon Fraud & Enforcement Forum, a regional forum bringing all key partners together across the public sector to work together to combat fraud – acknowledged by the Audit Commission as an example of good practice; and
 - Implementing a learning and development programme including a counter-fraud awareness module within the Council's management development programme.
23. As a result of this work, high and improved levels of awareness of fraud have been achieved generally across the organisation over recent years. This has been evidenced by the increase in referrals to the Corporate Anti-Fraud Team.

Audit Commission's National Fraud Initiative (NFI)

24. The NFI is a biennial data matching exercise undertaken by the Audit Commission. This is a national exercise and every Council in England and Wales participates, along with many other public sector bodies. The Audit Commission has legal powers to undertake data-matching across the public sector to prevent fraud and corruption. The Council has taken a strategic lead developing with the Audit Commission new data-matching pilots. The Council's participation in the current round has already identified £61,089 for recovery and further matches are still under investigation.

Corporate Anti-Fraud Team performance

25. The Corporate Anti-Fraud team (CAFT) was set stretching targets for 2012/13. To meet this challenge CAFT took a focused risk based approach to the investigation process with the result that the overall financial savings target for the year has been exceeded. The mix of sanctions reflects the nature of the cases investigated. Tables 4 & 5 detail the performance for the year 2012/13.

Table 4: Corporate Anti-Fraud Team key performance indicators

	ANNUAL TARGET	ANNUAL PERFORMANCE
Successful Outcomes	120	175
Identified Overpayments & Savings	£1,800,000	£3,014,812

Table 5 - Breakdown of Outcomes for 2012/13

Area	£	Outcomes
Housing Benefit	1,646,234	34 Prosecutions
Council Tax Benefit	245,739	29 Administrative penalties
National Benefits (JSA & IS)	484,561	60 Cautions
Non Benefit	638,278	11 Disciplinary action* 2 Council Tax discounts 2 Direct payments stopped, 2 Renovation Grants refused 1 Case of theft, 6 Removed from housing list 3 Removed from temp accommodation 19 Properties returned 5 Right to buy applications 1 Mutual exchange stopped

*Includes Investigations resulting in disciplinary action or resignation during the disciplinary process.

26. CAFT in 2012/13 has focused on several complex cases requiring a multi-agency approach to deal with the issues of fraudulent activity identified. These have resulted in some very good local press coverage and, for the fourth series running, involvement in the popular BBC 'Saints and Scroungers' television programme which featured some of the team's biggest cases. Filming has just started again for series five.
27. Croydon is a leader in setting the agenda relating to public sector anti-fraud activity. This is achieved nationally, regionally and locally by taking a leading role in a number of organisations, including CIPFA's Better

Governance Forum and Fraud Forum, The National Anti-Fraud Network, London Audit Group, Croydon Fraud & Enforcement Forum and the London Audit & Anti-Fraud Partnership which is organised and hosted by Croydon Council.

External Audit

28. The Council's external audit service is currently provided by Grant Thornton under a contract let by the Audit Commission that will run through to 2017. They work in partnership with the Council ensuring its governance processes are effective. They have been invited and attended all parts of the Committee meetings. At every meeting they prepare an external audit progress update for the Committee to review.

Financial Reporting

29. In June 2012, the Committee reviewed the annual accounts in detail asking a number of questions and supported Corporate Service Committee in the approval process. This is done annually and will be done again at the June 2013 meeting.

AUDIT ADVISORY COMMITTEE TERMS OF REFERENCE

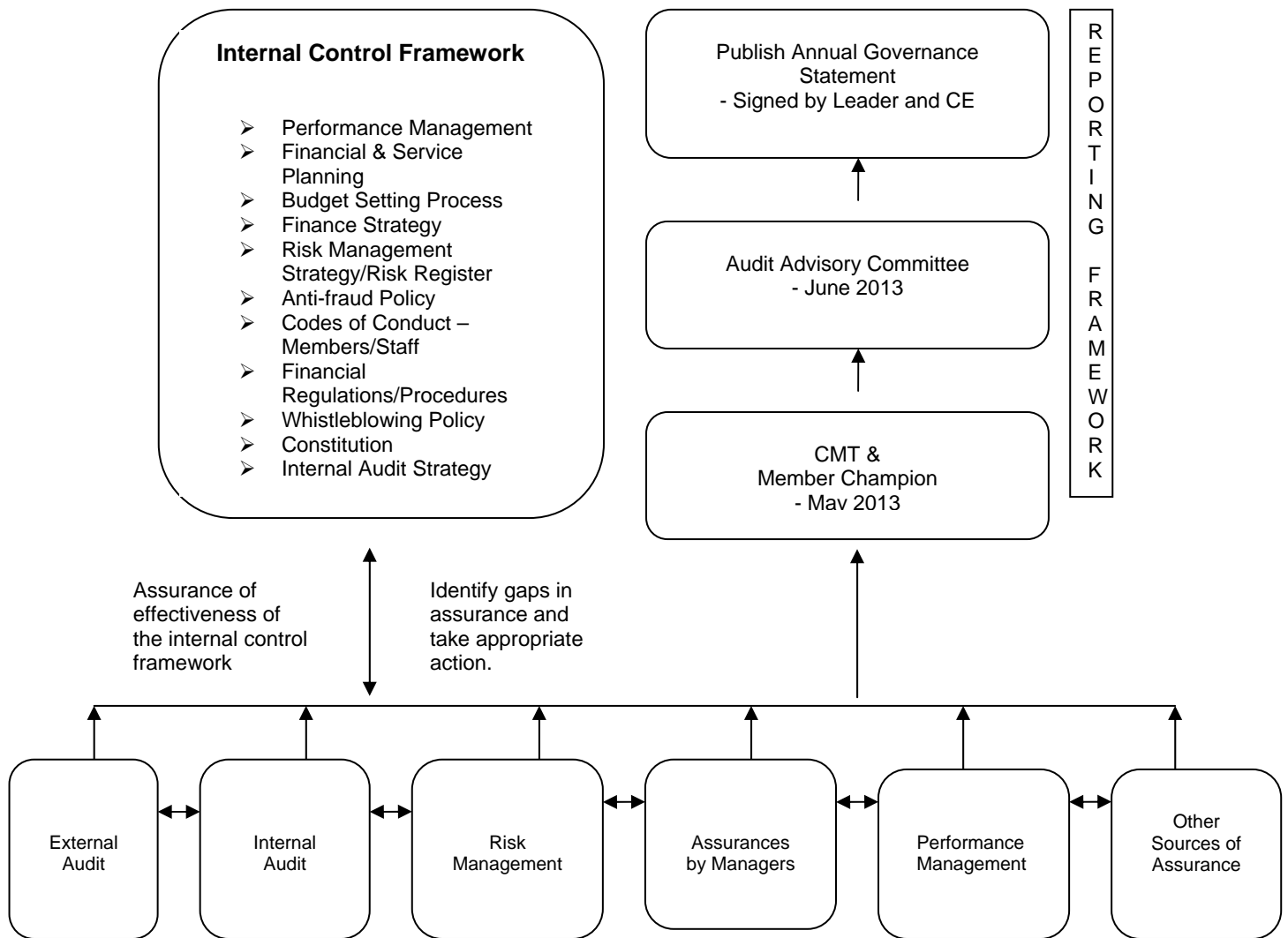
Statement of purpose

- 1 The purpose of the Council's Audit Advisory Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent it affects the Council's exposure to risk and weakens the control environment, and to oversee financial reporting.

Responsibility for functions

2. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
3. To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
3. To be satisfied that the Council's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
4. To review (but not direct) internal audit's strategy, plan and monitor performance and make recommendations as appropriate to Cabinet and/or Full Council.
5. To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
6. To receive the annual report of the Head of Internal Audit and make recommendations as appropriate to Cabinet and/or Full Council.
7. To consider the reports of external audit and inspection agencies and make recommendations as appropriate to Cabinet and/or Full Council.
8. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
9. To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
10. To make an annual report to the full Council.

Council Framework for the Annual Governance Statement



COUNCIL ASSURANCE FRAMEWORK

- Annual plan
- Reports to those charged with governance
- Scrutiny of reports at Audit Advisory Committee
- Audit opinion
- Ad hoc projects
- Head of Internal Audit's opinion expressed in reports to Audit Advisory Committee
- Operates under dedicated contract specifically setting out terms of reference
- Rolling strategic & annual plans, member approved
- Plan aligned to Council's Risk-register
- Fraud investigation
- Compliance testing
- Review of the effectiveness of Internal Audit
- On-going Risk management training for new staff
- Embedded in project management and service planning
- RM champion, Audit Advisory Committee and Council scrutiny of the RM processes and outcomes
- RM software package cascaded throughout council to all risk owners
- Strategic risks drive and shape the CMT agenda
- Review of LSP themed partnerships
- Directors assurance statements
- Project specific reports to CMT and Members
- Embedded system
- Operates throughout organisation
- Internal & external reviews
- Action orientated
- National/local KPI's
- Periodic progress reports
- Performance Management function
- Scrutiny Function
- Fraud reports and investigations
- Reports by inspectors
- Post implementation reviews of projects
- Working party reports
- Ombudsman reports
- Contracts & Commissioning Board
- Strategic Finance Forum
- Corporate Programme Board
- Fraud & Enforcement Forum

Categories of Risk

	Source of Risk	Risk Examples
STRATEGIC (external drivers)	Infrastructure	Functioning of transport, communications and utilities infrastructure. The impact of storms, floods, pollution. Development in Borough render infrastructure inadequate.
	Politics & Law	Effects of changes of government policy, UK or EC legislation, national or local political pressure or control, meeting the administration's manifesto commitments.
	Social Factors	Effects of changes in demographic, residential and social trends on ability to deliver objectives. Excess demands on services.
	Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.
	Competition & markets	Affecting the competitiveness (cost & quality) of the service &/or ability to deliver Best Value and general market effectiveness.
	Stakeholder-related factors	Satisfaction of: citizens, users, central and regional government and other stakeholders regarding meeting needs and expectations.
	Environmental	Environmental consequences of progressing strategic objectives (eg in terms of energy efficiency, pollution, recycling emissions etc.)

OPERATIONAL (internal drivers)	Finance	Associated with accounting and reporting, internal financial delegation and control, failure to prioritise or allocate budgets. Insufficient resources or lack of investment.
	Human Resources	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, reliance on consultants, employment policies, health & safety, and absence rates. Migration of staff to contact centre.
	Contracts & Partnerships	Failure of contractors to deliver services or products to the agreed cost & specification. Issue surrounding working with agencies. Procurement, contract and relationship management. Overall partnership arrangements, eg for pooled budgets or community safety. PFI, LSVT and regeneration. Quality issues.
	Tangible Assets	Inadequate building/assets. Security of land and buildings, safety of plant and equipment, control of IT hardware. Issue of relocation.
	Environmental	Relating to pollution, noise or the energy efficiency of ongoing operations.
	Processes & professional judgements	Errors and omissions associated with professional judgement. Inspection compliance, project management, performance management, benefits system, environmental management system (EMS). Not achieving targets, failure to implement agendas and service failure. Also risks inherent in professional work.

GOVERNANCE	Integrity	Fraud and corruption, accountability and openness, legality of actions and transactions and limits of authority.
	Leadership	Reputation, publicity, authority, democratic renewal, trust and identity.
	Policy & strategy	Ensuring clarity of purpose and communication. Policy planning, community planning and monitoring and managing overall performance. Not seeking or following advice from the centre.
	Data & information for decision making	Data protection, data reliability and data processing. Information and communication quality. Effective use and interpretation of information. Control of data and information. E-government and service delivery. Inappropriate and/or lack of software. Storage issues.
	Risk Management	Incident reporting and investigation, risk measurement, evaluation and monitoring. Internal Control and Business Continuity Issues.

Counter Defence

Counter Fraud in Action

Introduction

Welcome to Counter Defence. Some of you may already know that as of 20 May 2013 I will be Mayor of Croydon, and will relinquish my position as Chair of the Audit Committee along with the other posts I hold on the Council.

The counter fraud team has had great success in ensuring that those who have committed fraud have been prosecuted and received appropriate sentences. The clear message is that crime doesn't pay and I would urge you to always report anything suspicious via the numbers provided. All allegations will be taken seriously and treated in strict confidence.

Yvette Hopley
Audit Advisory Committee Chair

Jail for Illegal sub-letting

At Croydon Magistrates Court on 11th February, Hildrith Bennett, 51, a former Council tenant at Flat 14, 9 Bramley Hill, CR2 6LW was sentenced to 8 weeks imprisonment after pleading guilty to 3 counts of benefit fraud and one count of fraud by subletting her Council House.

Bennett had been given a council house in April 2001, however, her circumstances changed and she no longer needed the Council property. Instead of handing the keys back to the Council Bennett saw an opportunity to sublet the property, and from February 2007 she charged rent of £600 a month, while continuing to claim Housing Benefit, even though she was not living there and was renting it to another person.

The problem of social housing fraud has been raised by the Audit Commission, the National Fraud Authority and the Chartered Institute of Housing, with estimates that as many as 50,000 properties are subject to some form of tenancy fraud nationally and that this could be costing councils in the region of £900 million. As a result of this fraud risk a new piece of legislation called the Prevention of Social Housing Fraud Act 2013 has been introduced, Hildrith Bennett however, had committed an offence contrary to section 3 of the Fraud Act 2006 because she had dishonestly failed to give the Council information she had a legal duty to disclose in accordance with her tenancy conditions, namely that she had sublet the property.

The Council has repossessed the property, is in the process of collecting overpaid housing benefit and has taken civil action in order to recover monies received from the sub-tenant

In his sentencing, District Judge Hunter explained his imposition of a deterrence sentence by saying '...This sort of offence undermines confidence in both the benefits system and the social housing system'

Councillor Dudley Mead, cabinet member for housing, said: "I hope that this sentence will send out a deterrent to those who think they can defraud the benefits and social housing system. "It is a council priority to ensure that hard-working honest taxpayers are not cheated by fraudsters such as this. "We will not hesitate to take offenders to court, where as this case shows, they could be sent to prison"

Seized Cash Awarded to Croydon

Over a year ago (January 2012) the Council's Financial Investigator made a cash seizure of £166,000 from a portable safe during an investigation into an alleged rogue trader, Patrick Delaney of Bishopsford Road, Morden.



In September 2012 Croydon Crown Court heard that the 28-year-old, Delaney, had cold called at the homes of two elderly women in June 2010, and told them that their paving and a wall outside her property needed to be repaired,

quoting £1,350 for the work.

The work was paid for but then Delaney and his accomplices started asking for more money including £3,000 for decorating work inside the house. The work was not completed satisfactorily, but Delaney harassed for payment. He pleaded guilty to charges of fraud and was given a four month prison sentence, suspended for 18 months and a 200 hour community punishment order.

During sentencing Delaney was told he escaped prison '...by the skin of his teeth', because the psychiatric report said he suffered from severe obsessive compulsive disorder.

While Delaney was awaiting trial the Council's Financial Investigator made further enquiries regarding confiscation proceedings under the Proceeds of Crime Act. These enquiries showed that Delaney had his own bank accounts and was also signatory to three bank accounts held by Michael Delaney, his father.

(continued.....)



These bank accounts showed cash transactions totaling approximately £500k. Some of the bank statements indicated the existence of a portable safe. A warrant was obtained in order to open the safe and it was found that it contained £166,000 mainly in sequential new £50 notes. The Council's Financial Investigator wrote to the

Delaney's explaining that the money had been seized under the proceeds of crime act.

Three months later Jeremiah Sheridan, Patrick Delaney's cousin, contacted the Financial Investigator stating that the money was a compensation payment made in 2002, which he had given to Michael Delaney to look after, however, enquiries showed that the money was spent by 2003.

Following the representations made by Mr Sheridan Croydon Council attended court in March 2013 for a cash forfeiture hearing where Delaney and Sheridan appeared as did the Council's Financial Investigator.

It was later disclosed to the Council that while in court Delaney had asked the Court Usher if she wanted any scaffolding and asked the clerk of the court if he wanted his drive tarmacked.

After a full day hearing evidence from Delaney, Sheridan and the Financial Investigator the Judge made a decision that the money should be forfeited and Croydon Council will receive half of the money, with the remainder going to the Treasury. The Judge ordered Sheridan to pay £4,000 in costs, it is not known whether Sheridan will appeal the judge's decision.

Councillor Dudley Mead, Deputy Leader of the council, said: "This is a landmark case for the council as it is Croydon's first cash forfeiture.

"Where money is thought to have been gained illegally, Croydon residents will expect nothing less than for the council to launch a thorough investigation to try and recover it.

"It is rare these types of cases are carried out by local authorities, so it is a credit to our financial investigators for bringing this complex case to successful conclusion."

Benefit cheat claimed £29,000 but had properties at home and abroad

Occasionally benefit frauds are deemed sufficiently interesting by the national media that they receive column space or television minutes. The case of Graham Axford is one such case, initially covered by Panorama, who assisted the investigation, when researchers visited Mr Axford's property in France and made enquiries in to purchasing his yacht, which he was proud to have used to cross the Atlantic.

The story of Mr Axford's criminal prosecution was covered by the Evening standard and there reporting of the matter by Benedict Moore-Bridger is below:



A FRAUDSTER who claimed £29,000 in benefits despite owning properties in France and Wales has been jailed. Graham Axford, 58, was sentenced to 16 weeks imprisonment for falsely claiming council tax and housing benefit over an eight year period. He failed to tell the Council that he owned a home near Newport and part owned a farmhouse in Normandy. During his trial he claimed to have sold the Welsh property and transferred ownership of his farmhouse to his wife. But he was found guilty of three counts of fraud by false representation.

The council discovered the fraud following an anonymous tip-off and will now launch an investigation into whether he made any other gains from his criminal activity, to see if any more money should be confiscated.

Sentencing him at Croydon crown court, Judge Peter Gower QC told him: "You owned part of not just a property but a home in France and in 2007 you declared to the council that you were not paying a mortgage. That was a blatant lie. You were paying a mortgage in respect of a property in Wales that you were the registered owner of, and which you later sold, albeit it was in negative equity at the time.

"As a result of your dishonest claims, you have been overpaid benefit

"It is conceded by the prosecution that your claims were not fraudulent from the outset, but it is quite clear this was a fraud carried out over a significant period of time."

Axford hit the headlines two years ago when he was exposed during an episode of Panorama sailing his private yacht across the Atlantic despite being in receipt of incapacity benefit for a bad back. It was later revealed he had also participated in a bike race lasting 24 hours but has never faced charges over his receipt of incapacity benefit.

Reporting a Fraud to the Council

If you see something suspicious that relates to a fraud against or within council services then please do report it on the numbers listed below. Council employees are the first line of defence against fraud in the organisation, but we rely on public spirited citizens and our stakeholders to tell us about things that they believe are 'not quite right'. If you would like to report a concern to the council, then do call:

- The Corporate Anti Fraud Team on 020 8760 5645
- Deloitte Internal Audit on 020 8760 5788
- Fraudline 0800 328 9270
- Focus 0800 525967 (whistleblowing)

The Council takes all allegations of fraud seriously.