



South Northamptonshire Council
Northamptonshire



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Corporate Anti-Fraud Business Plan

2017-2018

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1. Introduction

We are now in the third full year of the Corporate Fraud team being a shared service across Cherwell District Council (CDC) and South Northants Council (SNC).

Local authorities have a duty to safeguard public funds and to ensure that any public money is used appropriately. South Northants and Cherwell District Councils have a zero tolerance to fraud and error.

The Councils recognise that fraud and corruption are costly both in terms of reputational risk and financial loss. The Councils have a number of policies and procedures which underpin the Council's anti-fraud and anti-corruption activities including:

- Internal Audits and controls. These are undertaken by CW Audit in accordance with the requirements of the Accounts and Audit Regulations 1996 and associated guidelines.
- External Audits are carried out by Ernst Young and the auditor undertakes a planned programme of work across the two authorities.
- National Fraud Initiative (NFI). As part of the annual external audit process, the authorities are required to participate in the National Fraud Initiative. The Councils provide data from their systems which is matched with that of other authorities and agencies to identify possible fraud.
- Whistleblowing Policy. The Councils Whistleblowing Policy enables employees to report concerns without fear of reprisal. This joint Policy was reviewed in March 2016 and will be reviewed in 2017.
- Money Laundering Policy. There have been significant changes to the legislation governing money laundering. The Money Laundering Policy places responsibility on all employees to report any suspicious financial activity and on the Reporting Officer to ensure suspicions are investigated.
- The National Anti-Fraud Network (NAFN). NAFN is a central point of contact for authorities to exchange information across the country and obtain intelligence relating to allegations of fraud. The Councils are members of NAFN.
- Fraud Response Plan Policy. This details instructions on reporting suspicions, how investigations are done and investigations. The Joint Response Plan was drafted and endorsed by members in March 2016.
- Prosecution and Sanctions Policy
- Anti-Fraud and Anti-Corruption Policy
- Anti-Bribery Policy

This plan has been produced to document the work of the Corporate Fraud team and outline the objectives for the team in 2017-2018.

2. Aims and objectives

The Corporate Fraud team was created in April 2015 and forms part of the Joint Revenues and Benefits team in the Finance Division. It is a joint team and consists of two posts; a Senior Corporate Fraud Investigations Officer and a Corporate Fraud Investigations Officer. Corporate Fraud resources will be stretched again in 2017-2018 although the Councils have been utilising temporary members of staff where necessary.

The team is organised to enable data matching and data analysis to take place to try to prevent fraud but also to be able to detect fraud at the earliest stage possible. This includes undertaking data matching to offer a level of assurance as well as an investigative pool of work.

The aim and objectives of the team are as follows:

- Create and promote a robust “anti-fraud” culture across the organisations, highlighting the Council’s zero tolerance of fraud, bribery and corruption.
- Encourage individuals to report suspicions of fraudulent or corrupt behaviour and the means to do this.
- Develop the team as we leave behind Housing Benefit fraud and develop a wider corporate anti-fraud service for both Councils. This includes training and development for the officers.
- Taking advantage of the shared services arrangements to develop the team and to promote fraud and error awareness and prevention across the two Councils.
- Further develop IT systems to support the work of the team
- Strengthen the fraud and error management processes and governance by reviewing the supporting policies and procedures seeking agreement for any changes from Audit Committee at both Councils
- Work with partners and other investigative bodies to strengthen and continuously improve resilience to fraud and corruption.
- To investigate allegations of fraud in a timely manner, when they are reported, to ascertain if there is any evidence to support the allegation. To deal with offenders under the Councils Prosecution & Sanction Policy.

3. Working in partnership

The Corporate Fraud team will proactively work with all services within the Councils to offer an anti-fraud and error service and to identify and investigate any fraudulent activity.

The team will also liaise with other external partners and agencies such as:

- Internal and External Audit
- The DWP
- HM Revenues and Customs
- Housing Associations
- The Police
- National Fraud Agency
- Other Local Authorities
- Fraud Liaison groups across Northamptonshire and Oxfordshire
- Any other organisations

4. Responsibility

The Monitoring Officer has overall responsibility for the operation of the overarching policies in liaison with the Chief Executive, Audit, and the Head of Transformation/HR. From a statutory perspective the duty to prevent and detect fraud lies with the Chief Finance Officer as set out in Section 151 of the Local Government Act 1972

The Internal Auditor is charged with ensuring that the strategy and policies and procedures deliver what is required.

All managers are responsible for fraud risk management in their own particular service area with support from the Joint Management Team.

5. Current and Emerging Risks

Council Tax Reduction/Discounts

In 2015 housing benefit investigations transferred to DWP SFIS, However Council Tax Reduction and other discounts will continue to be a key fraud risk facing the Councils. Nationally a third of households claim single person discount on Council Tax, although this varies significantly between individual councils. In addition to our participation in the National Fraud Initiative (periodical data matching exercises between various datasets) we have undertaken additional exercises ourselves or in collaboration with others

Business Rates fraud/evasion

The vast majority of ratepayers pay the business rates that they should pay. However, there are a small minority who avoid paying the business rates that are due. This imposes an unfair burden on others and prevents the Council from maximising income. The Corporate Fraud Team is committed to prevent this loss of income.

Across the two councils there is a strong and effective inspection regime in place and the Corporate Fraud team continue to work with and support the work of the team.

Housing and Tenancy Fraud

Housing tenancy fraud is defined as:

- Subletting a property for profit to people not allowed to live there under the conditions of the tenancy;
- Providing false information in the housing application to gain a tenancy;
- Wrongful tenancy assignment and succession where the property is no longer occupied by the original tenant; or
- Failing to use a property as the principal home, abandoning the property, or selling the key to a third party.

Insurance fraud

Nationally this continues to rise but this may be due to the result of greater attention being given to such fraud in recent years by local authorities. From the perspective of SNC and CDC the number and value of claims is low and are being effectively managed in collaboration with colleagues in the Corporate Finance team and our insurers, Zurich, who have their own investigations team.

Council Housing Grants/Disabled Facilities Grants

Nationally councils look to provide grants to home owners or tenants or landlords to improve their homes. Examples are Disabled Facilities Grants, essential repairs grants, small repairs service, energy efficiency project (CHEEP, landlord home improvement grant, Warm front grant, and flexible home improvement loan.

6. Approach to Anti-Fraud

Understand: the Councils needs to assess and understand any risks from fraud. The Councils are committed to support and resource to tackling fraud and maintaining a robust anti-fraud response.

Prevent: Anyone who works for, or with the Council has a responsibility for ensuring public funds and resources are being used appropriately. SNC and CDC promote a zero tolerance culture to fraud, bribery and corruption.

Prevention will focus on the identification and routine evaluation of fraud risks to understand specific risks, developing an anti-fraud culture to increase resilience to fraud, prevent fraud through robust internal controls and developing networks to facilitate partnership working. It will be underpinned by making better use of information and technology available.

On-going assurance will be provided by Internal Audit's planned audit work and fraud activity will be focused on those fraud risks that are of a high priority or where residual risks have been identified.

SNC and CDC recognise the importance of deterring individuals from committing fraud, bribery and corruption by publicising the Council's anti-fraud and corruption stance. The use of the media to highlight cases of fraud prosecutions and preventions to ensure the public are aware and encouraged to report instances of fraud).

Detect: Measures need to be in place to ensure any suspicious activity is detected and reported for investigation. This will be supported by data and intelligence sharing, using techniques such as data matching, effective whistleblowing arrangements, effective referral process and utilising the experience and skills of staff.

Promote: SNC and CDC recognise the importance of deterring individuals from committing fraud, bribery and corruption by publicising the Council's anti-fraud and corruption stance, applying sanctions including internal disciplinary, regulatory and seeking redress including recovery.

7. The Corporate Fraud team's focus in 2017-2018

- Council Tax (Reduction Scheme and discounts)
- National Fraud Initiative matches for both Councils
- To be a single point of contact for DWP SFIS team
- Housing Benefit Matching Services
- Housing Fraud
- Procurement Fraud
- Business Rates fraud and evasion (working with colleagues in the Business Support Unit)
- Internal fraud for example: misuse of time and/or resources, conflicts of interest, pre-employment fraud.
- Grants for example: Disabled Facilities Grants.
- Promoting an anti-fraud and corruption culture

- Any other emerging fraud threats and issues.

8. Performance Measures and reporting

The team will measure success by the following:

- Monitoring the level of National Fraud Initiative matches received and measure the results (outputs) to show success rates.
- Reporting to the Joint Revenues and Benefits Manager on a regular basis on key findings. This will in turn be reported to the Finance Management team and the Chief Finance Officer.
- Production of a quarterly report to both Audit Committees
- Providing results to other bodies as required.



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NORTH OXFORDSHIRE**

South Northants and Cherwell District Councils

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Prevent

Objective	Actions required:	Desired Outcomes	Update by quarter
<p><u>Objective One</u></p> <p>To prevent fraud through the implementation of appropriate and robust internal control measures.</p>	<p>Robust internal audit plan with audit inspections</p> <p>Review procedures and policies by service managers</p> <p>To constantly review the measures put in place, in order to keep abreast of changing fraud trends</p>	<p>An improved internal control environment</p> <p>Managers will give due consideration to the risks of fraud, bribery and corruption when writing new or updating existing policies, strategies or procedures to help prevent fraud</p>	<p>.</p>

Objective	Actions required:	Desired Outcomes	Update
<p><u>Objective two</u></p> <p>To increase fraud awareness amongst employees, Members and customers</p>	<p>To present fraud awareness sessions to elected members Continue to disseminate fraud warnings to managers and staff</p> <p>E learning to be investigated</p> <p>Regular website updates</p> <p>Policies/procedures</p> <p>Service plans and risk plans to be looked at</p>	<p>Strong anti-fraud culture across two organisations</p> <p>Increased awareness of threat of fraud</p> <p>Understanding of responsibilities</p>	
<p><u>Objective three</u></p> <p>To further develop networks and partnership arrangements</p>	<p>Contribute to NFI</p> <p>Work with DWP SFIS team</p> <p>Explore further opportunities for joint working and determine formal and informal arrangements</p>	<p>Arrangements in place with others external to the Council to improve the efficiency and effectiveness of counter fraud and corruption risk management</p>	

Objective	Actions required:	Desired outcomes	Update
<u>Objective four</u> To maintain and enhance the Council's confidential reporting and whistleblowing arrangements	Review the Council's whistleblowing arrangements and the policy Advertise fraud hotline	An internal policy which is fit for purpose and reflects the latest best practice.	

Detect

Objective	Actions required:	Desired outcomes	Update
<u>Objective five</u> To maintain and enhance the Council's confidential reporting and whistleblowing arrangements	Review the Council's whistleblowing arrangements Review the online reporting system Consider a further fraud awareness day	An internal policy which is fit for purpose and reflects the latest best practice.	
<u>Objective six</u> To ensure protocols are in place to allow data and intelligence sharing and analysis using data matching	Continue active involvement in data matching exercises, such as NFI. Review existing arrangements to ensure the Council is maximising NAFN subscription.	Fraud, bribery and corruption are identified and investigated	

	<p>Ensure that data held within the council can be shared to relevant departments</p> <p>Develop links with external agencies to enhance opportunities for information sharing.</p>		
<p><u>Objective seven</u></p> <p>Maintain an appropriate mix of experienced and skilled staff</p>	<p>Continual learning and professional development of “counter fraud” and investigatory officers.</p>	<p>Councils will have access to suitably trained staff to undertake investigations</p>	
<p><u>Objective eight</u></p> <p>To implement data sharing between HR and the Corporate Fraud Team to ensure new starters are vetted properly</p>	<p>Data sharing gateways to be put in place</p>	<p>Corporate Fraud team will work with colleagues in HR to check new staff to minimise risk of internal fraud.</p>	

<u>Objective Nine</u> To implement Trust ID software across all departments that require proof of ID from customers	Trust ID software needs to be used to verify documents provided as proof of ID	To reduce the incidence of identity fraud, affecting both councils,	
<u>Objective Ten</u> <u>To offer signature and document authentication training for staff – for example elections.</u>	Presentation to relevant staff	To reduce the incidence of identity fraud, affecting both councils,	
<u>Objective ten</u> <u>To investigate any good quality referrals made to the team.</u>	To have a procedure in place for referrals to be made and risk analysis to take place.	To allow resources to be directed	

Promote anti-fraud message

Objective	Actions required:	Desired outcomes	Update
<u>Objective ten</u> Publicise the Council's counter fraud stance	Review policies and publicise on website Website updates Communication via In Brief, SNC Review and CDC Link	Individuals are deterred from committing fraud against the Council	

<u>Objective Eleven</u> Sanctions/prosecutions policy to be in place	Review of current policy	Individuals are deterred from committing fraud against the Council	
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Appendix 1 – Key roles and responsibilities

Audit and Risk Function	Corporate Anti-Fraud Team responsibilities
Internal Audits of the council's overall anti-fraud arrangements, including financial irregularities	Drafting/updating of anti-fraud policy, fraud response plan and investigation guidelines.
Reporting to the Accounts, Audit & Risk Committee and Audit Committee.	National Anti-Fraud Network liaison, fraud/scam alerts, police liaison/protocols, bulletins, newsletters.
External Audits of the Council's overall anti-fraud arrangements	National Fraud Initiative (NFI) investigations and co-ordination.
	Investigation of irregularities which appear to stem from fraud, theft, deception, bribery and corruption or collusion. To include internal and external cases and any surveillance/RIPA activities
	Advice and guidance on fraud investigation, awareness raising activities