

Cherwell District Council

Accounts Audit and Risk Committee

17 November 2021

Update on Counter Fraud Annual Plan 2021/22

Report of Director of Finance

This report is public

Purpose of report

This report presents a summary of activity against the Annual Plan for the Counter-Fraud service at CDC for 2021/22, which was previously presented to the Accounts, Audit & Risk July 2021 committee. The Plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Comment and note the summary of activity against the Annual Counter Fraud Plan for 2021/22.

2.0 Introduction

2.1 The latest Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally was launched in 2020. The Council's Counter-Fraud arrangements are designed to adhere to the "6 C's" Themes contained within this national Strategy, which are:

- **Culture** – creating a culture where fraud and corruption are unacceptable
- **Capability** - assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate
- **Capacity** - deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance
- **Competence** - having the right skills and standards commensurate with the full range of counter fraud and corruption activity
- **Communication** - raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes
- **Collaboration** - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

- 2.2 The Council has a Counter-Fraud Strategy (previously presented to the July 2021 committee) which guides the Council's approach to its fraud response. The Strategy states that "the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to a **zero-tolerance** approach to fraud, corruption and theft."

The Counter-Fraud team's purpose is therefore to adhere and to promote the zero-tolerance approach to fraud by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

3.0 Report Details

Counter-Fraud Service & Resources Update

- 3.1 The newly formed Counter-Fraud Team continues to develop within the organisation, making links into the relevant teams and responding promptly and professionally to new referrals and queries. The team is fully staffed with a Counter Fraud Officer / Financial Investigator; a Counter Fraud Officer; and an Intelligence & Data Analysis Officer (who has just commenced their Intelligence Analysis apprenticeship).
- 3.2 The new Counter-Fraud Team have held meetings with various teams within CDC as follows to establish key contacts and agree processes:
- Revenues & Benefits Team: A process has been agreed with the Revenues & Benefits team for Single Person Discount (SPD) referrals. A flowchart documenting this process has been developed.
 - Housing: Fraud risks were discussed and agreed with the Housing team and since then several referrals to the Counter-Fraud Team have been submitted for potential housing application fraud.
 - Sanctuary Housing: Roles and responsibilities for investigating housing-related fraud (e.g. subletting and abandonment) has been agreed with CDC's largest housing association. This will be kept under review going forwards.
 - The team's knowledge of CDC as an organisation and the various systems, processes and procedures in place is expanding and further meetings have been scheduled to continue to grow this awareness.
- 3.3 The Counter-Fraud Team have been members of the Midlands Fraud group for some time (attending bi-annual meetings to discuss fraud developments and cases). The Team are now also members of the South East Fraud group, in order to extend contacts and share knowledge across a wider geographical area. As part of the latter group, a meeting was arranged between the Officers (not managers) of our counterparts in Herts, Bucks and Essex to discuss fraud risk areas, share knowledge & best practice and discuss cases in common. These networks are

proving extremely beneficial in building anti-fraud partnerships and fostering joint working between Local Authorities.

Key Performance Indicators & Trends:

Indicator	Value
New Cases YTD 2021/22	61 new cases April – Oct 2021
Current open cases	34 cases currently open
With the Police	There are currently no cases with the Police
YTD New Cases by type	SPD: 31 Housing – Subletting: 7 Housing Application: 4 Council Tax Support (CTS): 3 Housing – Tenancy: 3 Council Tax: 2 Covid Business Grants: 2 Employee: 2 Housing – Abandonment: 2 Business Rates: 1 Council Tax/Planning: 1 Electoral: 1 Housing Benefit: 1 Test & Trace Grant: 1
YTD New Cases by referral source	Employee/internal control: 26 Member of public Anon (webform): 13 DWP: 8 Member of public Anon (phone): 4 Housing Association: 2 Member of public Anon (letter): 3 Member of public (webform): 2 Member of public (phone): 1 Member of public Anon (email): 1 NATIS: 1
Outcomes YTD (dismissals, prosecutions, repayments, Investigation Reports etc)	Out of the 27 cases closed so far this year, 24 were closed not proven NFA. Of the other 3 the outcomes were: CTS Re-calculated: 1 Not added to electoral roll: 1 SPD removed: 1
Loss, recovery and prevented future loss YTD	CTS (1 case): Loss = £480.22; Recovered = £480.22; Future loss prevented = £743.60 SPD (1 case): No loss or recovery. Future loss prevented = £401.53
Fraud Awareness, Comms and Training sessions delivered YTD	1 Fraud Team Awareness in CDC News Headline April 2021

Update against the Counter-Fraud Plan 2021/22

Objective	Actions	
<p>Strategic: Establish BAU referral and investigation processes; agree and start using the Performance framework; move into building proactive anti-fraud work</p> <p>Culture Capacity Competence</p>	<ol style="list-style-type: none"> 1. Document key processes and flow charts for the Counter-Fraud Team (Q2) 2. Sign-off the proposed Performance Framework to monitor the team's performance, case levels and outcomes. (Q2) 3. Monitor team performance and outcomes (Ongoing) 	<ol style="list-style-type: none"> 1. Counter-Fraud Strategy agreed 2. Performance Methodology with PI's agreed 3. Costs Methodology developed and in use 4. PI s/s developed to monitor cases & progress & outcomes 5. Regular Performance Meetings scheduled and taking place (with S151) 6. Process flowchart for SPD documented 7. Housing investigation roles clarified
<p>Proactive: Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p>Culture Capability Capacity Communication Collaboration</p>	<ol style="list-style-type: none"> 1. Complete and routinely update the Fraud Risk Register (Q2) 2. Deliver fraud awareness training (as identified from fraud risk assessment) (ongoing and by Q4) 3. Undertake joint fraud/audit exercises (ongoing and by Q4) 4. Deliver fraud communications in line with a comms strategy under development (internal and external) 5. Maintain fraud procedures, webpages and referral routes up to date (ongoing and by Q4) 	<ol style="list-style-type: none"> 1. Fraud RR developed and populated. Meeting scheduled Nov to agree methodology for use. 2. Fraud awareness training not yet delivered but starting to scope areas that would benefit. 3. Comms Fraud Awareness Strategy under development. Comms awareness due for International Fraud Awareness Week w/c 16th November. 4. Fraud pages updated with new contact details.
<p>Reactive: Manage fraud referrals and investigations</p>	<ol style="list-style-type: none"> 1. Manage fraud referrals 2. Investigate 	<ol style="list-style-type: none"> 1. Fraud referrals received and investigated ongoing as appropriate. Currently

Capacity Competence Collaboration	3. Implement appropriate sanctions 4. Make recommendations to improve the control environment 5. Work with partner agencies and teams.	34 open cases. 2. Sanctions applied as appropriate (see KPI's above).
Data: Use data to detect and prevent fraud Competence Collaboration	1. Complete the 2020 NFI data matching (ongoing and by Q4) 2. Continue to participate into potential data matching exercise with other LA's.	NFI data matching is ongoing – on track to complete by end Q4 (see summary in next section).

Cases to Note (open/closed)

3.4 There are currently no cases to note that are under joint investigation with the Police.

3.5 As noted in the KPI's, by far the largest number of referrals received are for SPD. The vast majority of these turn out to be un-proven. The Counter-Fraud Team will work with the Revenues & Benefits team to explore efficiencies in how these are managed. The second highest number of cases by type are related to Housing (subletting, abandonment and tenancy). It has been agreed that the responsibility for investigating these primarily lies with the Housing Associations (unless there is an SPD/CTS or Housing Application element). We therefore expect to see these numbers reduce.

3.6 There are a number of cases that require joint investigation with DWP. However, as DWP have not yet fully resumed their fraud investigation services following the pandemic, the Counter-Fraud Team have decided to investigate these for the elements that affect CDC (e.g. SPD/CTS) rather than delay the investigations further. The results will then be shared with the DWP.

Other updates (NFI, Strategies, Proactive Reviews, Fraud Comms and Fraud Risk Register)

3.7 The NFI reports have been reviewed, but this exercise is not yet complete. A full update on the NFI checks and outcomes will be provided to the March 2022 Committee meeting, when the NFI matching exercise should be complete.

3.8 The Fraud Risk Register for CDC has been compiled. A meeting with the Assistant Director of Finance for both CDC and OCC will take place in November to agree the methodology to be used for using the risk register, identifying areas for further review, etc. Initial analysis identifies a potential need for Fraud Awareness training in the Revenues & Benefits team due to their move back into CDC and recruiting new staff.

- 3.9 Initial discussions between the Counter-Fraud Team and the Revenues & Benefits team regarding a proactive SPD review exercise have taken place and these will resume in the new year, once the NFI data matching has been completed.
- 3.10 A Fraud Communications Strategy is under development, with a calendar and programme of awareness – raising communications being compiled. The first will be some communications activity during International Fraud Awareness week w/c 16th November 2021.

4.0 Conclusion and Reasons for Recommendations

- 4.1 In conclusion, this paper presents a summary of activity against the Counter Fraud plan for 2021/22, the team has embedded well within the Council and has established the fraud referral and investigation processes and is increasing proactive work to prevent fraud against the Council.
- 4.2 The Committee are requested to review and comment on the update on activity. The next update will be made to the March 2022 committee.

5.0 Consultation

Not applicable

6.0 Alternative Options and Reasons for Rejection

- 6.1 Not applicable

7.0 Implications

Financial and Resource Implications – Mandatory paragraph

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

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Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:

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Risk Management Implications

7.3 There are no risk management issues arising directly from this report.

Comments checked by:

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8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Tony Ilott – Lead Member for Financial Management.

Document Information

Appendix number and title

None

Background papers

None

Report Author and contact details

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