

Appendix A



South Northants and Cherwell District Councils

Corporate Fraud Team Annual Report

2015-2016

1. Background

The face of local authority fraud investigation has seen huge change over the last few years. Under the Welfare Reform Act 2012 the Government proposed the creation of a new single integrated fraud investigation service with statutory powers to investigate and sanction all benefit and tax credit offences including Housing Benefit.

The new Department for Work and Pension (DWP Single Fraud Investigation Service (SFIS) commenced in October 2014 followed by a national roll-out. Housing Benefit fraud investigation activity and some of the investigators employed by South Northants (SNC) and Cherwell District (CDC) Councils transferred to SFIS from 1st February 2015.

The newly formed SFIS are not responsible for the investigation of non-Housing Benefit fraud or local Council Tax fraud including Council Tax Reduction and Discounts. The statutory responsibility for protecting and ensuring that correct awards are made to reduce Council Tax liability via the Local Council Tax Reduction scheme, as well as the national scheme for those of pensionable age, remains with Local Authorities. The statute that mandates responsibility to Local Authorities in these areas is;

- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
- The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013

- Fraud Act 2006

In addition to this there are other areas of Corporate Fraud including housing (waiting list applications and misuse of tenancies), Business Rates and Procurement.

The councils also still have a 'Single Point of Contact' role for Housing Benefit fraud work which involves providing evidence and information to support any DWP SFIS Housing Benefit investigations, this is done within strict criteria outlined in Service Level Agreement with DWP.

This change presented the opportunity to review the way in which both Councils moved forward in the area of fraud investigation. A new Joint Corporate Fraud Team was proposed with the objective of protecting the public purse and ensuring that procedures and controls are in place in the prevention, detection and deterrence of fraud, bribery and corruption.

Both Councils have a zero tolerance approach towards fraud, bribery and corruption, and the introduction of a Corporate Fraud team in February 2015 demonstrates the commitment of both Councils to meet this objective.

2. The Joint Corporate Fraud Team

The Corporate Fraud team currently consists of two full time officers covering both South Northants and Cherwell districts: Senior Corporate Fraud Investigations Officer who has been in post since February 2015 and the Corporate Fraud Investigations Officer who has been in post since April 2015.

For some of 2015-2016 the Senior Corporate Fraud Investigations Officer has been on maternity leave with the role covered by an Interim Senior. Further temporary resource has been obtained to carry out National Fraud Initiative and Housing Benefit Matching Service work.

The team forms part of the Welfare and Debt advice Team in the Finance Division of the Resources Directorate.

3. DCLG Funding

Department for Communities and Local Government (DCLG) acknowledged that local authorities were facing conflicting demands in the area of fraud investigation and that the introduction of SFIS gave councils some additional challenges. A £16m Counter Fraud Fund was established for 14-15 and 15-16 aimed at helping councils in establishing a future framework. Bids were invited from councils in September 2014.

A successful joint bid was submitted to DCLG by SNC and CDC and £129,625 was secured to help the two councils in achieving the following:

- Implementation of a shared fraud team
- Progression of a project on shared IT and data sharing
- Introduction of shared practices and procedures
- Investigation and development of joint working with internal and external partners on fraud investigation
- Supporting new incentives such as the joint Business Rates Support team to minimise fraud and error.

Regular progress reports have been provided to DCLG throughout 2015-2016.

4. Corporate Fraud Business Plan 2015-2016

The new team was established in April 2015. It was agreed that the initial focus should be on 'bedding in' the new team, raising awareness of corporate fraud, reviewing policies and procedures, establishing internal and external partnerships and completing the National Fraud Initiative (NFI) for both Councils.

A business plan was agreed to underpin the work of the team during the first 12 months. A copy of the plan is shown at Appendix A of this report. The Business Plan works in conjunction with other fundamental documents which form the basis for Corporate Fraud Anti-fraud activity across the two councils including:

- Whistleblowing Policy
- Anti-Money Laundering Policy
- Anti-fraud and anti-corruption Policy
- Fraud Response Plan

Progress against the objectives contained in the plan has been monitored throughout 2015-2016 and regular updates have been received by the Head of Finance and Procurement and members of Audit, Accounts and Risk Committee at CDC and Audit Committee at SNC.

Appendix B provides full details of the team's activity during 2015-2016 in preventing fraud and corruption and maintaining an anti-fraud culture within the two councils. The activities include:

Data Matching – National Fraud Initiative

The councils proactively take part in the National Fraud Initiative (NFI). This is a nationwide data matching exercise, comparing records held by the council against

other data held by councils and other bodies, allowing potential fraud to be identified. If a match is found it does not necessarily indicate fraud in all instances; it does however highlight information held that may require further investigation.

The exercise runs bi-annually matching data relating to Housing Benefit, payroll, creditors, housing, insurance and taxi licencing information held by the councils. Data matching for council tax single person discount occurs in alternate years.

During 2015-2016 a total of 4,444 matches have been checked. The completed investigations led to additional liability being created of £133,901

Fraud Investigations

Whilst the councils have in place a range of internal control arrangements within its systems and processes aimed at detecting fraud and error, it is recognised that the detection of fraud is often as a result of referrals from employees, members and the general public and stakeholders.

During 2015-2016 the team received a total of 353 referrals. Of these referrals 289 were accepted for investigation. The remainder were not investigated either because of insufficient information or because the allegations were to be investigated by SFIS in relation to Housing Benefit.

The investigations undertaken are shown in the table below:

Type of Investigation	Number of investigations	Sanction/Prosecution Results
Housing tenancy	7	1 successful
Council Tax Reduction	171	1 Prosecution
Housing Benefit	26	Nil
Council Tax discounts	78	Nil

Review of Policies

During 2015-2016 the following policies have been reviewed or introduced:

Whistleblowing Policy: this is intended to support the disclosure of concerns and suspicions which cannot be raised through the anti-fraud and anti-corruption policy. This policy is reviewed on an annual basis to ensure that the policy continues to reflect current legislation and best practice. At the time of writing this report the reviewed policy is awaiting approval by elected members.

Anti-fraud and Anti-corruption Policy: the purpose of this policy is to create an anti-fraud culture, to continuously assess the risk of fraud and corruption and to ensure prompt and professional detection of fraud and corruption. Again this policy is reviewed on an annual basis to ensure that the policy continues to reflect current legislation and best practice. At the time of writing this report the reviewed policy is awaiting approval by elected members.

Fraud Response Plan: this is a new document aimed at providing guidance to employees and management in the event of a fraud investigation including officer responsibility and conduct of an investigation

Communications

The councils are committed to publicising the corporate fraud team and its activities as well as the results of successful investigations.

During 2015-2016 two articles have been placed in the in-house publications In Brief with the aim of promoting the Corporate Fraud and its activities and encouraging referrals. Articles have also been placed in SNC Review and Cherwell Link which are delivered to all households across the two districts, these will appear in the 13th June 2016 editions.

A review of the website pages relating to fraud has also taken place and although improvements have been made it is accepted that further work is required during 2016-2017.

Partnership Working

One of the main objectives for the team was to develop working with key partners. During 2015-2016 the team has worked with a number of internal and external bodies including DWP, HMRC, the Police, National Fraud Agency, other Local Authorities and Social Housing landlords, our own Legal, Revenues Housing and Planning teams and internal audit providers Price Waterhouse Cooper (PwC).

Strong partnerships have been established with South Northants Homes and Sanctuary Housing as the two largest housing providers in the districts. The team will be seeking to roll this out to other housing providers during 2016-2017.

The team have also taken an active role in the Northants Fraud Officer Group and the Oxfordshire Fraud Group sharing information and intelligence and training opportunities.

Development of IT systems

A new IT system, Intec Debtor Information System (iDIS), has been procured for a period of 12 months. This is a web based system that allows for centralised viewing of data without the need to wait for external reports from data matches. It shows all the information available on particular individuals and addresses based on simple searches. The licence allows for unlimited users and the system can be used by other departments such as debt recovery and housing. The system was installed in September 2015.

The introduction of TrustID scanners has recently been agreed for a trial period of 12 months. This software is a reliable way to scan and validate identity documents such as passports, visas and driving licences and allows us to carry out checks at a reduced price and so reduce exposure to fraud and error from identity fraud. At the time of writing this report it is anticipated that the system will be implemented and rolled out in the second quarter of 2016

5. The future

The year 2016-2017 will continue to be a year of development and enhancement for the Corporate Fraud Team. A Business plan has been written to underpin the work of the team over the next 12 months including:

- NFI.
- Continuing to undertake thorough reactive investigations and taking action to ensure the maximum recoveries for the council.
- Continuing to ensure that proven cases are effectively publicised
- Using lessons learned from investigated cases, the investigation team will work closely with Internal Audit to ensure that recommendations for fraud proof of processes and procedures are fed back to relevant departments to try and reduce the potential for similar offences in the future.
- Promoting fraud awareness officers, members, contractors and the public to encourage good quality referrals/whistleblowing
- Review policies and procedures.



South Northamptonshire Council
Northamptonshire



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Corporate Fraud Business Plan

2015-2016

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1. Introduction

2015-2016 will be a year of development and enhancement in the field of corporate anti-fraud activity at South Northants and Cherwell District Councils.

With the transfer of Housing Benefit fraud investigations to the Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS) the newly formed Joint Corporate Fraud team will be focussing its approach on antifraud and error across the two authorities and work will involve promotion of anti-fraud and error, training, education as well as prevention, detection and investigative work.

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.

This plan has been produced to document the work of the Corporate Fraud team and outline the objectives for the team in its first year 2015-2016.

2. Aims and objectives

The Corporate Fraud team was formed in April 2015 and forms part of the Welfare and Debt Advice team in the Finance Division. It is a joint team and consists of two officers; a Senior Corporate Fraud Investigations Officer and a Corporate Fraud Investigations Officer. The aim of the team is to provide an effective corporate fraud service to both Councils by working closely with internal and external partners and agencies.

In 2015-2016 the team will concentrate on the following main areas:

- Develop the new 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 and DCLG funding to develop the team and to promote fraud and error awareness and prevention across the two Councils.
- 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

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
- Any other organisations

4. The Corporate Fraud team's focus in 2015-2016

- Housing fraud
- National Fraud Initiative matches for both Councils
- To be a single point of contact for DWP SFIS team
- Housing Benefit Matching Services
- Council Tax (Reduction Scheme and discounts)
- Procurement
- Any other emerging referrals and issues.

5. 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 Welfare and Debt Advice Manager on a regular basis on key findings. This will in turn be reporting to the Finance Management team and the Head of Finance and Procurement.
- Production of a quarterly report to both Audit Committees
- Providing results to other bodies as required.



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**South Northants and Cherwell District Councils
Corporate Fraud Business Plan 2015-2016**

Objective	Actions required:	Targets and completion dates	End of Year
<u>Objective 1 and objective 2</u> To Complete and confirm outcomes of National Fraud Initiative (NFI) referrals for Council Tax and Housing Benefit for both South Northants Council (SNC) and Cherwell District Council (CDC)	To look at each of the following matches and take actions as required CDC Total number of Single Person Discount (SPD) matches received: 811 Total number of HB matches received: 1012 SNC Total number of Single Person Discount (SPD) matches received: 1522 Total number of HB matches received: 361 Total matches 3714	Weekly target of 50 matches to be looked at. All matches to be completed and reported to NFI by 30 th September 2015	4,444 matches reviewed with additional Council Tax billed of £133,901

Objective	Actions required:	Targets and completion dates	End of year
<p><u>Objective three</u></p> <p>To continue with investigations on 23 cases already opened CDC</p>	<p>To complete the investigations that have been opened</p>	<p>For investigations and action to be completed by 31.10.2015</p>	<p>All cases opened prior to Corporate Fraud team starting investigation (01.02.2015) have been investigated and closed.</p>
<p><u>Objective four</u></p> <p>To consult with SNC Interim Revenues Manager on the possible introduction of financial penalties at SNC for Single Person Discount error, prepare reports for Head of Finance and Procurement and for elected members as appropriate</p>	<p>To consult with SNC Interim Revenues Manager as to the implementation of penalties for Single Person Discounts errors</p> <p>To produce a report for consideration by the Head of Finance and Procurement</p>	<p>Report for consideration by 31.1.2016</p>	<p>Penalties will not be introduced in the financial year 2015-2016 for a number of reasons including financial impact on collection rates in year.</p> <p>Meeting arranged for 16th March 2016</p> <p>Please note: penalties are in place at CDC</p>

Objective	Actions required:	Targets and completion dates	end of year
<p><u>Objective five</u></p> <p>To successfully recruit to Corporate Investigation Officer post with training/induction plan in place.</p>	<p>To undertake a recruitment exercise</p> <p>To successfully appoint to the post</p> <p>To develop a training/induction plan for successful officer</p>	<p>To have officer in post by the 31.03.2015</p> <p>For training to be completed by 31.09.2015</p>	<p>Officer has been in post since April 2015.</p> <p>Officer has undertaken training in all systems used by the team, Housing Fraud training, Universal Credit training and Council tax and NDR training.</p> <p>Officer has now signed up to a BTec qualification for Corporate Fraud Investigation</p>
<p><u>Objective six</u></p> <p>To investigate available systems to support fraud work including data sharing and draft any related business case for development</p>	<p>To investigate the systems that are available</p> <p>Draft a recommendation report</p> <p>Procure system</p> <p>Implementation plan in place</p>	<p>30th July 2015 for initial procurement</p> <p>31st December 2015 for IDIS</p> <p>31st January 2016 for TrustID</p>	<p>IDIS data hub system procured for 12 months from 04/08/2015 System will allow for data to be matched, credit checks and checking of credit reference data.</p> <p>The software was installed on 30th July and training took place on the 30th July with a further training day held on the 15th October</p> <p>System went 'live' on 1st November 2015. Data has been received from SNC Housing and awaiting elections and CT data to match against housing data.</p> <p>TrustID software and scanners have been reviewed and colleagues across democracy, housing and customer services</p>

			have agreed to jointly fund the scanners. Scanners will be installed in June 2016.
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Objective	Actions required:	Targets and completion dates	end of year
<p><u>Objective seven</u></p> <p>To work partners and agencies</p>	<p>To identify possible partners to work with on anti-fraud and error.</p> <p>Approach partners</p> <p>Develop relationships</p>	<p>30th October 2015 for initial discussions</p>	<p>Following internal meetings with the following teams: Council Tax, Housing, Procurement, Customer Services the following progress has been made:</p> <ul style="list-style-type: none"> • A review was undertaken of student exemptions at CDC. 8 addresses were identified for investigation which are now in progress. If investigations are successful and exemptions removed this will result in increased liabilities totalling £10,000 • Charities commission has been approached regarding data matching against their records • Data has been received from SNC Housing list. Awaiting a match via IDIS • Informal external partnerships have also been formed with South Northants Homes, Sanctuary Housing and Paradigm. This has resulted in 7 tenancy fraud investigations – 2 have been successfully concluded and two tenancies returned to the housing providers. This

			has generated a non - cashable 'saving' of £18,000 per property
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Objective	Actions required:	Targets and completion dates	End of year
<p><u>Objective eight</u></p> <p>Produce a communication plan to increase fraud awareness and prevention both internal and external</p>	<p>Consider possible methods of communications</p> <p>Develop a timeline for communications to be made.</p> <p>Develop a measure of success (number of referrals received)</p>	<p>30th June 2015 for draft plan</p> <p>Communications will be through year</p>	<p>Article has been placed in In Brief at both Councils</p> <p>Article placed in SNC Review and Cherwell Link</p> <p>Websites have been updated.</p> <p>A twitter account has been set up following consultation with the Communications team</p> <p>Fraud awareness sessions for staff planned for July 2016</p>
<p><u>Objective nine</u></p> <p>To review and update as required corporate fraud policies</p>	<p>To review the policies that underpin the Corporate Fraud team work</p> <p>To make recommendations for any changes</p> <p>Prepare reports for Audit Committees to consider the changes</p>	<p>Originally 30th September 2015.</p>	<p>The following policies have been reviewed</p> <ul style="list-style-type: none"> • Anti-fraud and anti-corruption policy • Counter Fraud policy • Whistleblowing Policy • Fraud response plan. <p>Other policies including anti-money laundering policy and Cyber Crime Policy will be reviewed in 2016.</p>

Objective	Actions required:	Targets and completion dates	End of year
<p><u>Objective ten</u></p> <p>To agree performance targets and to update on the performance against target</p>	<p>Establish targets</p> <p>Monitor targets regularly</p> <p>Report to senior managers</p> <p>Report to Audit Committee</p>	<p>1st April 2015 for targets to be agreed and then quarterly updates.</p>	<p>Joint SNC/CDC targets</p> <ol style="list-style-type: none"> 1. To achieve CTR savings of £12,000 in 15/16 2. To achieve SPD savings of £12,800 in 15/16 3. Housing allocation £18,000 4. Grant fraud £19,000 5. NDR £10,000 <p>End of year update</p> <ol style="list-style-type: none"> 1. Target met and exceeded in Q1 so work has been focussed on other areas 2. £133,901 additional billed due to NFI 3. £36,000 4. £0 5. £4,000

Appendix B

Corporate Fraud Team Performance Summary 2015-2016

Objective	Performance/investigations undertaken	Results
Provide information for SFIS	224	2 sanctions applied by DWP
Complete National Fraud Initiate Matches for Council Tax and Housing Benefit for SNC and CDC	4,444 matches received	Additional billed £133,901
Housing fraud investigations undertaken	7	1
Grant fraud	0	0
NDR evasion	1	0
CT	78	0
CTR	171	1