

# **Cherwell District Council**

## **Accounts Audit and Risk Committee**

**28 July 2021**

### **Counter Fraud Annual Plan 2021/22**

#### **Report of Director of Finance**

This report is public

#### **Purpose of report**

This report presents the Annual Plan for the Counter-Fraud service at CDC for 2021/22. It provides an overview of the current Service (resources, arrangements) and the detailed Plan and actions for the current financial year. 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.

This report also presents the new set of performance indicators that will be reported to the Accounts Audit and Risk Committee going forwards.

The updated Counter-Fraud Strategy which is public on the Council's Intranet and website, is also presented in this report.

#### **1.0 Recommendations**

The meeting is recommended to:

- 1.1 Comment and note the Annual Counter Fraud Plan for 2021/22
- 1.2 Note the updated Counter Fraud Strategy and Performance Framework in Appendix 1 and Appendix 2

#### **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 (see Appendix 1) 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.

The Strategy has just been updated as part of its twice-yearly review and is attached in Appendix 1 for the Committee to note. Whilst there haven't been any material changes to the tone and content of the Strategy; there have been changes to the fraud referral and investigation process contained in Appendix A of the Strategy, to reflect the new practices with having the new in-house fraud team in place.

### 3.0 Report Details

- 3.1 The Counter Fraud Service changed from 1<sup>st</sup> April 2021 to form a new in-house service across both CDC and Oxfordshire County Council (OCC), as part of the joint Internal Audit service (which went live 1<sup>st</sup> April 2020). Previously, the Counter Fraud service had been delivered at CDC by Oxford Investigation Services (run by Oxford City Council). That contract ended on 31<sup>st</sup> March 2021. A new team has been recruited and inducted to deliver the service across both Councils, which consists of an Audit Manager, 2 Counter Fraud Officers and 1 Intelligence & Data Officer.
- 3.2 The first quarter of 2021/22 has therefore been dedicated to establishing the new Counter-Fraud team, meeting relevant staff within CDC and CSN, taking on the cases handed over from the previous service provider, dealing with new referrals and documenting processes.
- 3.3 The new team has been building a number of new networks externally. In particular to note is a new working arrangement with TVP (Thames Valley Police) to refer fraud cases directly into the TVP fraud team to action and allocate to an officer in charge. A working relationship has also been established with DWP fraud contacts, as well as with Sanctuary Housing.

3.5 A new performance framework has been drafted. Appendix 2 provides the suggested set of performance information to be submitted to the Accounts Audit & Risk Committee twice a year to update on progress against the annual plan and the operational performance.

3.6 In total 5 cases were handed over from the previous service provider on 1<sup>st</sup> April. A further 23 cases were referred and investigated this quarter by the team. In total, 20 cases are currently open under investigation and 8 have been closed. The breakdown by fraud type of these 28 cases is as follows:

Housing (subletting/non-residency/tenancy issues):	13
Council Tax (Single Person Discount/CT Reduction):	11
Covid support Grants:	3
Business Rates:	1

Of the 8 cases that have been closed, all have been 'NFA' (No Further Action) as there was insufficient evidence to take forward the investigation or the allegation was not substantiated.

3.7 In one Housing case still under investigation, an early benefit of the joint working arrangement across OCC / CDC has been evident, as the Counter Fraud Team were able to access social care records to identify that the Sanctuary Housing resident had moved into a care home in 2018. We were then able to communicate across the various relevant teams in OCC and CDC to resolve the issue, with the property due to be reclaimed by Sanctuary Housing.

3.8 The team continue to provide support to the Covid business support grants scheme to ensure the grant award process includes anti-fraud controls. One case that is currently open has been referred to the national fraud team (NATIS) that is co-ordinating investigations into national organised criminal groups targeting these covid support grant schemes. The other case in this category that is still open under investigation relates to a fraudulent claim for the grant funding as well as small business rates relief.

### **Counter Fraud Plan 2021/22**

3.9 With the new team in place and inducted into the Council and the Counter-Fraud service, the focus for the coming year will be to refine the processes we have been establishing for referrals and investigations to ensure efficiency and operational effectiveness until business as usual is fully established.

3.10 The team will then be in a position to move increasingly into the proactive anti-fraud work such as delivering more fraud awareness training & communications, as well as undertaking fraud detection exercises. To inform this work, the fraud risk assessment process (which has started but hasn't been fully developed) will be built within the team, with the objective being a Fraud Risk Register is in place and updated routinely to inform proactive work areas. Meetings with relevant teams in CDC will continue in order to properly document the fraud risk areas.

3.11 The work into investigating the NFI data matches from the 2020 upload will continue. The team have been in discussion with other Local Authorities to discuss pooling resources to investigate greater use of data matching capabilities for Councils. Later this year or going into 2022/23 this will be developed further.

<b>Objective</b>	<b>Actions</b>
<p><b>Strategic:</b> Establish BAU referral and investigation processes; agree and start using the Performance framework; move into building proactive anti-fraud work</p> <p><b>Culture</b> <b>Capacity</b> <b>Competence</b></p>	<ol style="list-style-type: none"> <li>1. Document key processes and flow charts for the CF Team (Q2)</li> <li>2. Sign-off the proposed Performance Framework to monitor the team's performance, case levels and outcomes. (Q2)</li> <li>3. Monitor team performance and outcomes (Ongoing)</li> </ol>
<p><b>Proactive:</b> Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p><b>Culture</b> <b>Capability</b> <b>Capacity</b> <b>Communication</b> <b>Collaboration</b></p>	<ol style="list-style-type: none"> <li>1. Complete and routinely update the Fraud Risk Register (Q2)</li> <li>2. Deliver fraud awareness training (as identified from fraud risk assessment) (ongoing and by Q4)</li> <li>3. Undertake joint fraud/audit exercises (ongoing and by Q4)</li> <li>4. Deliver fraud communications in line with a comms strategy under development (internal and external)</li> <li>5. Maintain fraud procedures, webpages and referral routes up to date (ongoing and by Q4)</li> </ol>
<p><b>Reactive:</b> Manage fraud referrals and investigations</p> <p><b>Capacity</b> <b>Competence</b> <b>Collaboration</b></p>	<ol style="list-style-type: none"> <li>1. Manage fraud referrals</li> <li>2. Investigate</li> <li>3. Implement appropriate sanctions</li> <li>4. Make recommendations to improve the control environment</li> <li>5. Work with partner agencies and teams.</li> </ol>
<p><b>Data:</b> Use data to detect and prevent fraud</p> <p><b>Competence</b> <b>Collaboration</b></p>	<ol style="list-style-type: none"> <li>1. Complete the 2020 NFI data matching (ongoing and by Q4)</li> <li>2. Continue to participate into potential data matching exercise with other LA's.</li> </ol>

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 In conclusion, this paper presents a review of Counter Fraud activity for Q1 of 2021/22 and a forward-looking plan for the remainder of the year. As described, the new team is embedding within the Council and will transition during the year from establishing the business as usual fraud referral and investigation process towards increasing proactive work to prevent fraud against the Council.

The Committee are requested to review and comment on the Plan, with a recommendation that the Plan is agreed for the coming year. Progress against the Plan will be reported to the Committee (as detailed in Appendix 2).

## **5.0 Consultation**

Not applicable

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 Not applicable

## **7.0 Implications**

### **Financial and Resource Implications**

- 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

### Key Decision

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

### 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 and Governance

## Document Information

### Appendix number and title

- Appendix 1 – Counter Fraud Performance Framework
- Appendix 2 – Counter Fraud Strategy

### Background papers

None

### Report Author and contact details

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