

# **Cherwell District Council**

## **Accounts Audit and Risk Committee**

**16 March 2022**

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

#### **Report of the Assistant 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 Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, 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 Counter Fraud team is fortunate to have an Accredited Financial Investigator as one of the Counter Fraud Officers. This means they have certain powers under POCA (Proceeds of Crime Act) to obtain and analyse financial information and data as part of investigations. This has been of great benefit in several investigations and has speeded up investigations as this is a function usually performed within the Police. The Manager of the team is undertaking the NCA (National Crime Agency) training to become an accredited SAO (Senior Appropriate Officer) which will

support this function in reviewing and signing off their requests for financial information within the team.

- 3.2 As noted in the previous update report, the Counter Fraud team now receive, log and triage all whistleblowing reports. The Chief Internal Auditor and Audit Manager meet with the Director of Law & Governance monthly to review, discuss and progress all whistleblowing investigations.
- 3.3 The Counter Fraud team recently met with the DWP who have recently appointed a new Team Leader for the area and are starting to stand up their investigations team. Referrals for joint cases are being made to the DWP however in the majority of these cases, we will need to continue sole investigations until their team is fully operational again.
- 3.4 Monthly meetings are being set up with the Revs & Bens team manager to discuss new and ongoing cases and investigations.
- 3.5 The monthly Performance meetings will continue between the Chief Internal Audit, Audit Manager and the Assistant Director of Finance(S151) for CDC following the cessation of the formal partnership between OCC and CDC. There will also be regular communications/meetings with the new CDC Interim Monitoring Officer, to update and discuss individual cases.

#### Key Performance Indicators & Trends:

Indicator	Value
New Cases YTD 2021/22	82 new cases April 2021 – Feb 2022
Current open cases	32 cases currently open
With the Police	There are currently no cases with the Police
YTD New Cases by type	SPD: 42 Housing – Subletting: 7 Housing Application: 5 Council Tax Support (CTS): 9 Housing – Tenancy: 3 Council Tax: 3 Covid Business Grants: 2 Employee: 2 Housing – Abandonment: 2 Business Rates: 2 Council Tax/Planning: 1 Electoral: 1 Housing Benefit: 1 Test & Trace Grant: 1 Bribery: 1
YTD New Cases by referral source	Employee/internal control: 31 Member of public Anon (webform): 21 DWP: 10 Member of public Anon (phone): 4 Housing Association: 2 Member of public Anon (letter): 7 Member of public (webform): 2

	<p>Member of public (phone): 1  Member of public Anon (email): 1  NATIS: 1  Whistle blower: 2</p>
Outcomes YTD (dismissals, prosecutions, repayments, Investigation Reports etc)	<p>Out of the 50 cases closed so far this year, 40 were closed not proven NFA. Of the other 10 the outcomes were:</p> <p>CTS Re-calculated: 1  Not added to electoral roll: 1  SPD removed: 4  SPD and CTS removed: 1  CTS removed: 1  Enforcement notice served: 1  Disciplinary: 1</p>
Loss, recovery and prevented future loss YTD	<p>CTS:  Recovered = £480.22; Future loss prevented = £743.60</p> <p>SPD:  Recovered = £2667; Future loss prevented = £2988</p>
Fraud Awareness, Comms and Training sessions delivered YTD	<p>Finance Fraud Awareness Session Q4</p> <p>Comms:  International Fraud Awareness Week Nov:  News Headlines on the Intranet; Update from Yvonne newsletter; Your Oxfordshire</p> <p>'60 seconds with' staff profile on Counter Fraud team member and Update from Yvonne story on OCC values in the team.</p> <p>Reminder in Managers Briefing on Conflicts of Interest</p> <p>News Headline on the Intranet on Conflicts of Interest and the new Whistleblowing policy</p>

### Update against the Counter-Fraud Plan 2021/22

Objective	Actions	Update Nov 2021	Update Feb 2022
<b>Strategic:</b> Establish BAU referral and investigation processes; agree and start using the Performance	<ol style="list-style-type: none"> <li>Document key processes and flow charts for the Counter-Fraud Team (Q2)</li> <li>Sign-off the</li> </ol>	<ol style="list-style-type: none"> <li>Counter-Fraud Strategy agreed</li> <li>Performance Methodology with PI's agreed</li> <li>Costs</li> </ol>	All complete. Fraud risk assessment process started Q3 and this is feeding into

<p>framework; move into building proactive anti-fraud work</p> <p><b>Culture Capacity Competence</b></p>	<p>proposed Performance Framework to monitor the team's performance, case levels and outcomes. (Q2)</p> <p>3. Monitor team performance and outcomes (Ongoing)</p>	<p>Methodology developed and in use</p> <p>4. PI s/s developed to monitor cases &amp; progress &amp; outcomes</p> <p>5. Regular Performance Meetings scheduled and taking place (with S151)</p> <p>6. Process flowchart for SPD documented</p> <p>7. Housing investigation roles clarified</p>	<p>proactive work plan for 2022 (see below).</p>
<p><b>Proactive:</b> Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p><b>Culture Capability Capacity Communication Collaboration</b></p>	<p>1. Complete and routinely update the Fraud Risk Register (Q2)</p> <p>2. Deliver fraud awareness training (as identified from fraud risk assessment) (ongoing and by Q4)</p> <p>3. Undertake joint fraud/audit exercises (ongoing and by Q4)</p> <p>4. Deliver fraud communications in line with a comms strategy under development (internal and external)</p> <p>5. Maintain fraud procedures, webpages and referral routes up to date (ongoing and by Q4)</p>	<p>1. Fraud RR developed and populated. Meeting scheduled Nov to agree methodology for use.</p> <p>2. Fraud awareness training not yet delivered but starting to scope areas that would benefit.</p> <p>3. Comms Fraud Awareness Strategy under development. Comms awareness due for International Fraud Awareness Week w/c 16<sup>th</sup> November.</p> <p>4. Fraud pages updated with new contact details.</p>	<p>1. Fraud RR now BAU (bi-monthly review meetings)</p> <p>2. Fraud awareness training delivered for Finance staff</p> <p>3. Multiple fraud comms issued as per the comms plan (see KPI's above)</p>
<p><b>Reactive:</b> Manage</p>	<p>1. Manage fraud</p>	<p>1. Fraud referrals</p>	<p>See KPI's</p>

fraud referrals and investigations  <b>Capacity Competence Collaboration</b>	referrals 2. Investigate 3. Implement appropriate sanctions 4. Make recommendations to improve the control environment 5. Work with partner agencies and teams.	received and investigated ongoing as appropriate. Currently 34 open cases. 2. Sanctions applied as appropriate (see KPI's above).	above
<b>Data:</b> Use data to detect and prevent fraud  <b>Competence Collaboration</b>	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).	NFI data matching ongoing

### **Cases to Note (open/closed)**

- 3.6 There are currently no cases to note that are under joint investigation with the Police.
- 3.7 As noted in the KPI's, by far the largest number of referrals received are for SPD and Council Tax support. The Counter Fraud Team and Revenues & Benefits manager are setting up monthly meetings to review cases. There are currently two SPD/CTS investigations that could prove material; however, it is too early to say whether these will be substantiated. There is one employee investigation underway where the Counter Fraud team has been working with HR to investigate.

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

- 3.8 The National Fraud Initiative (NFI) reports have been reviewed, and all high-risk matches have been assessed. Further work is being completed. An update on completion of the activity will be provided in the next Counter Fraud Committee meeting update.
- 3.9 The Fraud Risk Register is complete, and a business-as-usual process is in place to review, update and re-assess the register on a bi-monthly basis. This will then identify the areas of fraud risk in the organisation so we can target pro-active work.
- 3.10 So far, the pro-active work undertaken has focused on staff training and awareness sessions. We recently delivered a fraud awareness and risk identification session to all Finance staff. We will be organising a session with the Revenues & Benefits team.

## **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**

- 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 Finance and Governance

### Document Information

#### Appendix number and title

None

#### Background papers

None

#### Report Author and contact details

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