

# **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 27 June 2022**

**Portfolio:** Leader of the Council

**Subject:** Corporate Fraud Team Plan 2022 / 2023

**Responsible Officer:** Sarah Marsh (01992 564446).

**Democratic Services:** L Kirman

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## **Recommendations/Decisions Required:**

**The Corporate Fraud Team Plan for 2022 / 23 be approved.**

## **Executive Summary:**

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2022 / 23

## **Reasons for Proposed Decision:**

To approve the Corporate Fraud Team's Plan for 2022 / 23 as the Audit and Governance Committee has a role in ensuring anti-fraud arrangements are in place as per their Terms of Reference.

## **Other Options for Action:**

None

## **Report:**

### **Introduction**

1. The Corporate Fraud Team brings a uniform approach to fraud investigation work within EFDC, ensuring the Council has adequate resources dedicated to anti-fraud activity.
2. This strategy summarises the key principles for the Corporate Fraud Team (CFT) for the forthcoming 2022 / 23 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both together supports and contributes to the achievement of the Council's 2018-23 strategic aims. These have been considered when developing the Corporate Fraud

Strategy and Plan being:

- To ensure there is efficient use of Council resources which is protected from fraud, abuse and corruption
- To contribute to the commitment of financial independence and keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Council's tax base
- To ensure that the Council adopts a culture of innovation which is not compromised by fraud.

### **Purpose**

4. The purpose of the Corporate Fraud Team Plan is to document the Corporate Fraud Team's approach to:
  - Provide independent and professional investigations into all aspects of fraud affecting the Council and third parties such as commercial partnerships etc. preventing fraud and abuse and taking fair and consistent action against those committing offences.
  - Supporting the Council's anti-fraud culture and framework.
  - Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

### **Preface**

This strategy is indicative of the CFT's priorities for the forthcoming year however and can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Audit and Governance Committee's attention.

### **The Corporate Fraud Team Approach**

This plan sets out the main focus of work that will be undertaken by the team during the period 2022 / 23. These are set out in two main groups: Proactive work, where the CFT takes on intelligence-based projects and investigations and reactive work which is usually responding to received information such as reports of suspected fraud from members of the public, staff etc.

### **Proactive Work**

- As a recognised area of high success since its inception in 2014, the process of

vetting 100% of Right to Buy Applications will continue into 2022 / 23 with the amount of financial savings this area of work generates meaning it has become a staple function for the CFT. For example, it has been found that each year since 2014, on average approximately one third of all applications are stopped / withdrawn as a result of the fraud team's involvement. This results in annual savings in this area that are usually in excess of £1.5 million taking into account the ever-increasing discount amounts.

The success in this area also results in unsold properties being retained within the Council's housing stock. Furthermore, keeping them within the housing stock means they can continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1 million to the Council going forward. The regular increases in the maximum amount of discount available to tenants wishing to purchase their council properties means that the Right to Buy remains an attractive prospect to individuals who plan to abuse the system.

- In line with the strategy of reviewing other areas of high fraud risk within the Council, most notably where any fraud and / or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team plan to continue with already ongoing proactive exercises targeting Revenue. This includes areas such as Non-Domestic Rates fraud and fraud within Council Tax discounts and exemptions. Work undertaken in conjunction with the Council Tax department since 2018 has yielded good results and resulted in several cases whereby previously uncollected revenue has / is being recovered.

As a result of the work completed so far in this area, further resources are to be deployed in the forthcoming coming year with other proactive projects in the areas of Business Rates and Local Council Tax Support in order to identify and tackle cases of fraud within these schemes.

- A programme of data analysis exercises has already been commenced by the CFT and colleagues in Internal Audit. A CFT officer has undertaken a number of training courses to assist with this project. These data analysis projects are set to be undertaken on a regular basis during the forthcoming year and will focus on areas of potential fraud and abuse that may have not been looked at previously. A culture of innovation and "out of the box thinking" is to be employed in these projects with regular updates being given to the Audit and Governance Committee on their progress. The first project is focussing on Procurement fraud.
- The team will continue with the good working relationship it has with the Housing Department, which has been instrumental in forging closer working arrangements between the investigators and their housing officer colleagues when dealing with issues surrounding suspected social housing fraud. Regular meetings are now held between the Housing and CFT management and will continue into the forthcoming year culminating in the producing of a Service Level Agreement in order to foster collaborative working processes.
- The ongoing process of engaging other key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. This enables the Corporate Fraud Team to have a better understanding of the

various processes employed within each service area in order to identify potential areas of fraud risk with input into policy revisions where appropriate. This is of particular importance as the Council continues to evolve as part of the current transformation plan and the restructuring of services.

- The implementation of a rolling fraud awareness programme providing coverage not just in significant areas of expenditure such as finance, procurement and payroll but for all staff including Members and contractors. In conjunction with Human Resources, a project is underway to develop an Anti-Fraud E-Learning Module with a view to becoming part of a mandatory fraud awareness session for all new starters as part of their induction into working for the Council. It is also expected that a variation of this module to become available to Members in due course.
- Following successful involvement in one of the webcasts arranged by Housing Services, the CFT also hopes to engage further within the outside community (for example, attending meetings of resident's associations etc.) in order to promote the service and raise awareness of fraud issues affecting the Council. This was an area that was due to begin last year however due to the Covid 19 situation, no public or face to meetings have been possible. These restrictions have now been lifted and along with the proliferation and success of online video conferencing, the CFT will be actively exploring attendance at community group meetings, resident association meetings etc. with a view to forging ongoing links within the community and as a useful vehicle for undertaking the research needed for a new advertising campaigns.
- The "Know a Cheat in your Street" advertising campaign has been run successfully over the last few years and has been instrumental in heightening awareness and encourage members of the public to report fraud and abuse. This has been achieved by enclosing leaflets in the run of Council Tax / Non-Domestic Rates Bills and making use of other resources such as the EFDC website and the Council's social media presence. In order to "freshen up" and keep the campaign relevant, work is to commence (in conjunction with the Corporate Communications Team) to explore new designs and ideas with a view of rolling out a new campaign utilising such mediums as the Council's social media platforms etc.

### **Reactive Work**

- The team will review, and risk assess 100% of the referrals it receives in order to ensure efficient allocation of resources and ensure the highest risk referrals are prioritised.
- The team will be continuing with its programme of engaging with other teams within the Council in order to provide advice, training and support. The team continues to provide advice and training to staff and the team can provide tailored training packages to services. The team will also continue to publicise its work

including successful prosecutions by maintaining a policy of utilising press releases, existing mediums such as “Housing News” and the corporate website and social media platforms.

In addition to the above, the Corporate Fraud Team also plans to undertake the following areas of work in the forthcoming year:

### **National Fraud Initiative Exercise**

The NFI exercise has formed a fundamental staple of the work programme for the fraud team and will continue to be so going forward into the next year. As is usual for this exercise and in line with already established procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified and / or identified as “high risk”. The CFT will continue to work closely with their colleagues in the Housing, Revenue and Benefits and The People Team as well as other local authorities and public-sector organisations to review these data matches and undertake any resulting investigations as appropriate.

### **Explore and pursue joint working / shared service arrangements.**

- **Joint working with Harlow Council**

In Summer 2020, the CFT provided investigative resources on a paid for basis to Harlow’s Revenues section in relation to the verifying and investigation of suspected fraudulent Covid 19 Business Grant Applications. Through discussions in this area, further ad-hoc work has been received from Harlow Council in the last 12 months and it is expected at this present time that this will continue. Furthermore, due to a lack of investigative resource at Harlow, the CFT have also entered into an agreement to undertake the vetting of Harlow’s Right to Buy applications on their behalf on a paid for per-investigation basis. This service is due to go live in June 2022. The possibility of a more wider ranging shared service agreement whereby EFDC will undertake all of their social housing fraud investigations is currently being explored. Should this be taken forward, it is expected that any shared service arrangement would begin as soon as practicable.

- **Joint working with Chelmsford City Council**

The team also operates an informal joint working initiative with the anti -fraud team at Chelmsford City Council with the working relationship again focussing on the sharing of investigative resources, exploring the potential for joint proactive initiatives and providing a “peer support” service for investigators. Again, this initiative will continue into the forthcoming year and will also incorporate Chelmsford’s ability to undertake Proceeds of Crime

Investigations for EFDC where required.

### **Other areas of work**

Since 2016 the Corporate Fraud Team has utilised its skillsets by undertaking a number of different kinds of investigative work such as Disciplinary Investigations for The People Team, Standards Investigations on behalf of the Council's Monitoring Officer and a number of cases received as a result of the Council's Whistleblowing procedures. Due to the success of this, the team will continue to make itself available to take on differing and challenging types of work.

Furthermore, ongoing exploration of further opportunities to increase the team's revenue by undertaking fraud and employment related investigations for outside bodies such as other local authorities and public-sector organisations will continue thus increasing its capacity for revenue raising activities and allowing for diversification into other forms of investigation work outside of the traditional criminal area.

The team will continue to provide training and advice to external organisations and the team are constantly working to identify areas where potential exists to engage in joint working and / or shared service protocols, with such agreements giving the possibility of revenue raising opportunities.

### **Staff Development**

All members of the Corporate Fraud Team are expected to undertake a set number of hours of Continued Professional Development so that their existing knowledge and skills remain up to date and they are given an opportunity to develop new skills.

### **To promote best practice, information sharing and support to the wider anti - fraud community**

The Corporate Fraud Team continue to host the meetings of The Eastern Corporate Fraud Group, which it founded in 2016 with its on-going aim to bring together counter fraud professionals from local authorities in Essex, Suffolk and Norfolk in a meaningful forum to discuss and promote best practice, form agreements and partnerships for information sharing and offer support and resources to carry out investigations etc. Although the Covid 19 pandemic forced the group into a temporary hiatus of face to face meetings, the group continues to move forward and is now firmly established with its main focus being opportunities for cross authority working, training and information sharing. With the advent of video conferencing technology, it is now able to undertake "hybrid" meetings.

## **Longer Term Projects**

Several longer-term projects are currently continuing into 2022 / 23 and beyond. These include:

- Consultation is ongoing with The People Team (as part of the Recruitment Strategy) to look into pre-employment vetting procedures with a view to possibly developing and incorporating a more robust process. This may also lead to a training programme for recruiting managers.
- As an offshoot of the above, the CFT is also, in conjunction with Internal Audit, developing procedures around the issues of potential conflicts of interest for employees, contractors etc which will come into practice during 2022 / 23.
- As previously mentioned, collaborative work between the Corporate Fraud Team and Internal Audit into specific areas of identified risk has already begun developing and utilising data mining / matching techniques into areas that are not covered by currently used data matching tools. This is designed to be a long term project to be included as an annual part of the CFT / IA work programme(s).
- A review of documents utilised by the Council for access to its services (such as application forms etc) to ensure that they are as “fraud proof” as possible with the introduction of several application processes to be updated or initialised during the next 12 months, including the introduction of an online Tenancy Succession application form (joint project with the Neighbourhoods team) as well as some revisions to the Right to Buy documentation.

## **Resources**

The Corporate Fraud Team consists of a Corporate Fraud Team Manager and three investigators reporting to the Chief Internal Auditor. All the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

## **Resource Implications**

None, Within the existing budgets

**Legal and Governance Implications:**

None

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

Corporate Fraud Strategy

**Risk Management:**

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

**Equality Analysis:**

The Equality Act 2010 requires that the Public-Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.