

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Date of meeting: 27 July 2023

Portfolio: Leader of the Council

Subject: Corporate Fraud Team Plan 2023 / 24

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services:

Recommendations/Decisions Required:

- (1) The Corporate Fraud Team Plan for 2023/24 be approved.

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2023 /24.

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's Plan for 2023/24 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 (Epping Forest District Council), 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 2023/24 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both supports and contributes to the achievement of the Council's 2023-27 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:
 - Providing 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 it 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 2023/24 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 2023/24 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 working closely with colleagues in Revenues with ongoing proactive processes 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 has historically yielded good results and resulted in several cases whereby previously uncollected revenue has / is being recovered.
- 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 held between the Housing and CFT management.
- 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.
- 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 face 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 new advertising campaigns.

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 plans to undertake the following areas of work in the forthcoming year:

National Fraud Initiative (NFI) 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 Teams as well as other local authorities and public-sector organisations to review these data matches and undertake any resulting investigations as appropriate.

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.

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

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.

Longer Term Projects

Several longer-term projects are currently continuing into 2023/24 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 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 one investigator (both full time) reporting to the Chief Internal Auditor. Both are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

During 2022/23 the team consisted of the Corporate Fraud Team Manager and three investigators (all full time). In March 2023, as part of the Council’s efficiency savings, two of the investigators were made redundant. This will ultimately impact the amount of work the Corporate Fraud Team can achieve in 2023/24. However, to mitigate this, adjustments are being made looking at areas of work prioritisation, ensuring the best use of resources and introducing different methods of assessing work such as intelligence-based investigation and risk assessing each referral the team receives.

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.